

EUROPEAN NEWS

Italy's foreign trade back in surplus

BY RUPERT CORNWELL IN ROME

ITALY'S FOREIGN trade moved back into a small surplus in April, according to provisional statistics issued yesterday after the March deficit of L.737bn (£417m), the worst monthly figure for nearly three years.

However, the April surplus of L.85bn (£36m) still leaves a deficit for the first four months of 1979 of L.648bn (£359m) or almost double the cumulative deficit of L.348bn (£197m) registered for the whole of last year.

During the period, the country's deficit on oil products, for which it is almost entirely dependent on imports, totalled

L.262bn. This was only partially covered by a surplus on other items of L.161bn, and many analysts expect the pressure to grow more intense in the months to come, assuming crude prices continue their upward movement.

The three biggest unions, for their part, yesterday confirmed plans for a four-hour general strike next Tuesday in support of claims in the wage contracts which have been under negotiation in some cases for as long as four months.

Although in recent days some signs of progress have

emerged in the most important of them—covering 1.5m metal and engineering workers—it is still far from certain that a final agreement will be reached before the summer break, as the unions are insisting.

The metal workers themselves are planning a mass rally of 200,000 of their members in Rome for June 22, to lodge their protest at what they see as too dragging by the employers, particularly in the private sector.

Meanwhile, the political manoeuvring ahead of next week's assembly of the new Parliament continued yesterday

as both Christian Democrats and Communists met to examine the implications of this month's general election results.

Sig. Benigno Zaccagnini, the Christian Democrat secretary, made it clear that his party would again propose a majority embracing the Communists of the type whose collapse last January provoked the election.

However, the Communists are widely expected to reject anything short of direct participation in Government. It is at that point that detailed bargaining will begin.

W. German cost of living up by 3.7%

By Jonathan Carr in Bonn

THE WEST GERMAN cost of living rose again in May, adding to official fears that inflation is again emerging as the chief danger to sustained domestic economic growth.

The Federal Statistical Office in Wiesbaden announced yesterday that living costs in May were up by 3.7 per cent against the same month last year. For April, the rise was 3.5 per cent, and for March 3.3 per cent. The average for the whole of 1978 was 2.8 per cent.

A key element in the current increase is the sharp rise in housing oil prices, which were up by 69 per cent in May against a year earlier.

Apart from the sharp rise in world oil prices in dollar terms, the relative weakness of the Deutsche Mark so far this year has added to West Germany's imported inflation.

While the price increase still looks modest by the standards of most industrial nations, it is none the less of deep concern to the West Germans. Dr. Oskar Emminger, the president of the Bundesbank, stated bluntly this week that the inflation danger had now become much greater than any possible faltering of economic output or consumer demand.

He warned that, if unchecked, the price spiral would produce much bigger wage claims this winter and put the achievement of years of West German stability policy in jeopardy.

'Welcome' for Irish pay limits

By Our Dublin Correspondent

IRISH EMPLOYERS have cautiously welcomed the Government's decision to impose a seven per cent pay ceiling in the public sector and encourage the private sector to obey the same limit for the rest of this year.

Mr. Dan McAuley, the director-general of the Federation of Employers, said the limit was now government policy, and it was not up to them to seek to re-negotiate it.

Barre pledges action to ease effect of oil rises on economy

BY DAVID WHITE IN PARIS

M. RAYMOND BARRE, French Prime Minister, has pledged measures to offset the "depressive effect" of recent oil price increases on the economy this year and next.

The measures, which he said he would outline in greater detail in the next few weeks, are expected to involve selective government support in individual sectors. In a separate speech in the National Assembly he warned against "massive and global stimulation" for the economy.

The pledge comes as the Government has had to revise downwards its projections for economic growth.

M. Rene Monory, Economy Minister, confirmed that the Government was now working on the hypothesis of a 3.4 GDP growth rate this year, barely above last year's 3.3 per cent and below the 3.7 per cent forecast earlier.

Demand growth was expected to remain stable at 3.9 per cent, compared with 3.8 per cent in 1978, while exports were expected to increase by 6 per cent

after a 7.1 per cent expansion last year.

For inflation, the official scenario uses a figure of 9.6 per cent, close to last year's although consumer prices are currently running at about 11 per cent above their level of a year ago.

Average hourly wages are expected to increase by 12.8 per cent compared with 12.6 per cent, while the wage-earner's average purchasing power is expected to progress by 2.7 per cent against last year's 2.3 per cent.

M. Monory said the trade account should be roughly in balance despite the extra weight of oil imports, after going into a FFr 2.5bn (£273m) surplus last year. Unemployment would continue to deteriorate, with the average employment total during the year rising by only 0.5 per cent.

Presenting a Bill on guidelines for France's 1981-85 national plan, M. Barre emphasised that the foreign trade balance and the stability of the franc "must be the cornerstone of our whole economic policy."

Gaullists criticise Chirac in election post mortem

BY DAVID WHITE IN PARIS

M. JACQUES CHIRAC, the Gaullist leader, has been put on his back by the party after his poor results achieved by his controversial and aggressive campaign in the European election, which left the Gaullist RPR trailing France's other three main parties with 16.25 per cent.

Although, at its election post-mortem, the party gave him a unanimous vote of confidence, the meeting produced sharp criticism of his approach and in particular of his virulent attacks on M. Raymond Barre, the Prime Minister, and on President Valéry Giscard d'Estaing. Gaullist MPs also pressed for a more active role in running the party.

The meeting was attended by Gaullist members of the Cabinet, who have been placed in an embarrassing position by the style of M. Chirac's campaigning. The RPR is expected, however, to stick to its policy of keeping Ministers out of the party leadership.

M. Claude Labbe, head of the Gaullist parliamentary group, said afterwards that the party's position within the Government majority would continue to be critical, but that it would be less aggressive in tone.

BY OUR PARIS STAFF

THE RUNNING of France's state-controlled television channels, which President Giscard d'Estaing broke up into separate units five years ago in order to stimulate competition, is severely criticised in a report by a Senate commission of inquiry.

Presenting the report, Senator Jean Cluzel said the 1974 reform, which brought an end to the monopolistic ORF, had been "perverted in its application."

The report finds that the idea of competition between the three TV channels "is an illusion which has not stood up to practice."

The roles of the channels and of the TV production company, Societe Francaise de Production, are ill-defined and their aims uncertain, it says.

"In the absence of co-ordinated programmes," it says, "we have been moving towards a ratings race, with its corollary—a drop in quality."

The report also strongly criticises management standards and accounting practices.

The Senate commission puts forward a set of 30 proposals for improving French TV, including a reorganisation of the state's holdings, special tax conditions and better planning of programmes.

South African gold production maintains a rising trend

BY JOHN WICKS IN MONTREUX

GOLD production by South Africa may rise to some 715 tons this year, thus continuing the reversal in 1978 of the downward trend in mined production. This was stated at the Financial Times conference "World gold in the 1980s," in Montreux yesterday, by Mr. T. R. N. Main, of the South African Chamber of Mines. Present production levels were expected to be sustained through to the mid-80s, possibly reaching a stand of about 750 tons by 1985.

This trend, said Mr. Main, was likely to result from the expansion of certain productive mines and from additional output by new mines currently being opened. That would more than counter-balance any decline in production from some of the older units.

Thereafter most commentators considered that a fall in output could result, with production declining to about half the present level by the turn of the century. South African gold reserves were put by the country's Minerals Bureau at some 16,500 tons.

Mr. Main pointed out that producers' estimates of ore reserves were conservative in that they included only fully developed or blocked-out reserves for current mining operations calculated at relatively low gold prices. "It is clear," he said, "that further development of the industry will take place if the price is right."

A "golding of America," was taking place, Dr. Henry G. Jarecki, chairman of Moetteta Metals Corporation, said. There had been a marked development in the U.S. gold futures business since autumn, 1977, and by late last year gold had come to account for 11.5 per cent of all futures trade there.

A typical U.S. commodities customer was interested in gold for less than 10 days, but substantial demand existed at all times. The current price level was linked to facilities offered by the futures market. "Anyone whose money is worth more than 10 per cent to him in his pocket is better off in gold

futures than in physical gold," Dr. Jarecki said.

A temporary peak in the gold price to coincide with the June 26 conference in Geneva of the organisation of Petroleum exporting countries was forecast by Mr. Charles R. Stahl, of Economic News Agency. However, Mr. Stahl contended that any move above \$300 was unjustified. "There is no

concerned, Dr. Gasser recommended the maintaining of present positions. "To a newcomer with medium-term investment objectives, I would still suggest that he should gradually build up a five to ten per cent position in gold, but this should be done carefully because the current price level is vulnerable in the short-term and there should be cheaper buying opportunities in the near future."

The Middle East is more important than ever as a centre of gold consumption, according to Mr. Timothy S. Green, author. Taking this area it includes the Arabic-speaking countries, Iran, Turkey and the Indian sub-continent, he said some 350 to 400 tonnes of new gold had passed through the Middle East over each of the past three years.

With regard to speculative and investment purchases there had been no massive switch into gold but there was a growing trend in this direction. Volume was likely to continue relatively high Mr. Green said, though not at the very high levels recorded in 1976 and 1977 when consumption (including that of Italy) approached an annual volume of 450 tonnes.

In the current year, he pointed out, demand for gold had fallen in view of higher prices and the Iranian situation. At prices between \$280 and \$300, there might be some profit-taking sales of Middle Eastern jewellery, the call for which had also declined with the end of the constructive boom in the area.

Imports of gold into Hong Kong, which have average about 50 tonnes a year, were increasing, Mr. Woo Hon Yee, president of the Chinese Gold and Silver Exchange of Hong Kong, said. In the first quarter of 1979 alone, imports were more than 30 tonnes. Total volume was now about 1 ounce.

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shortage of gold, and there will not be any for decades," Talk by uninformed market observers that the gold market could be cornered was a pipe-dream.

Mr. Stahl said he believed those paying close to \$300 would be making a very risky investment. They would probably have to see the price of gold go substantially lower before the next cyclical upward movement began. The next decline in the price, he claimed, could be to the \$243-\$245 bracket, at best, and possibly to \$220.

Gold should continue to fulfil its function as a long-term inflation hedge and emergency asset, said Dr. Eric Gasser, managing director of J. Henry Schroder Bank AG, Zurich. For conservative private investors looking for long-term insurance, a share of five per cent of portfolio assets was frequently given as desirable, but a percentage of total net assets would be more relevant. The quantitative decision would be left very much to the client.

As far as gold as a performance-oriented asset was concerned, Dr. Gasser recommended the maintaining of present positions. "To a newcomer with medium-term investment objectives, I would still suggest that he should gradually build up a five to ten per cent position in gold, but this should be done carefully because the current price level is vulnerable in the short-term and there should be cheaper buying opportunities in the near future."

Swiss bank secrecy may be eased

By Bijl Khindaria in Geneva

THE LOWER HOUSE of the Swiss Parliament has approved a slight loosening in Swiss rules concerning help and information given to foreign governments seeking to recover funds illegally placed in Swiss banks by their nationals.

After a long debate the Lower House decided that in some exceptional circumstances Swiss authorities should co-operate with foreign governments in investigating bank accounts in Switzerland of foreign nationals accused of transferring funds obtained through fiscal fraud or tax evasion.

These elements will be included in a new bill currently under discussion. The matter has still to come before the Upper House. Co-operation could take the form of setting aside Switzerland's normally impenetrable banking secrecy laws, but such co-operation would be offered only if the foreign national involved is convicted of fiscal fraud in his own country.

Existing Swiss laws dating back to 1892 forbid such operation but do not apply if a bilateral agreement is concluded with a country establishing information disclosures under exceptional circumstances. Such an agreement is in force with the U.S.

Belgium again raises bank rate

BY DAVID MARSH

BELGIUM YESTERDAY raised Bank Rate to 9 per cent from 8 per cent in a fresh bid to prop up the Belgian franc against the Deutsche Mark within the European Monetary System (EMS).

The rise, the third one point increase in bank rate since the start of May, together with support intervention by the Belgian National Bank, helped the franc make slight gains against the D-Mark on foreign exchange markets yesterday. But at its fixing rate in Frankfurt of DM 6.224 per 100 it was still very close to its lowest

permitted limit within the system of DM 6.221.

Both the franc and the Danish krone have been languishing close to their EMS floors against the D-Mark for the past two weeks amid foreign exchange market speculation that the first realignment of currency parties within the scheme will shortly become necessary.

Belgium's interest rate move yesterday coincided with action by the Dutch Government to put an emergency brake on public sector spending to avoid the deficit in this area exceeding the limit of 6 per cent of national income.

Danes to curb spending

BY HILARY BARNES IN COPENHAGEN

THE DANISH Government has told local authorities they must cut real spending growth to 3 per cent next year—less than half this year's increase—in the first move in a campaign to bring the economy under control.

Further cuts in public spending and a steep increase in energy taxes are also believed to be under consideration.

Both Ministers and the Governor of the central bank have denied that a depreciation of the krone is planned. Last week the central bank was forced to intervene to prevent the krone breaching its EMS

floor against the Deutsche Mark. The austerity programme will be presented to Parliament on June 28.

Denmark's problem is its large net foreign debt and a deterioration in the current balance of payments deficit, brought about partly by oil price increases but also by a significant weakening of fiscal policy. A number of welfare reforms have produced unexpectedly rapid expenditure rises which have not been met by similar increases in revenue.

Wage increases will also be faster than the Government hoped for a year ago.

The brake, involving measures to slow public spending and accelerate tax receipts, was announced by Mr. Franz Andriessen, the Dutch Finance Minister.

Rising public sector borrowing has been a principal factor undermining both the Belgian and Dutch currencies in the EMS in recent weeks. Although the Dutch guilder is still some way off its lower intervention point in the scheme, it too has fallen sharply against the D-Mark this month.

In a statement yesterday, M. Gaston Geens, the Belgian Finance Minister, said maintaining stability of the franc was the prime objective of government policy, and this would be reflected in the 1980 budget now in preparation.

The franc's weakness in the EMS has been aggravated by the sharpening of the West German Bundesbank's anti-inflation policies in the last few weeks.

The Bundesbank earlier this month raised Lombard rate, the rate at which it lends money to banks against the collateral of securities, a further 1 point, putting general upward pressure on interest rates throughout Europe.

Additionally, heavy dollar sales by the Bundesbank to prevent the D-Mark depreciating too far has been a major factor behind the sharp rise of the D-Mark against EMS currencies.

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EUROPEAN NEWS

Suarez seeks Socialist support over autonomy

BY OUR MADRID CORRESPONDENT

PRIME MINISTER Adolfo Suarez yesterday met Sr. Felipe Gonzalez, parliamentary leader of the opposition Socialist Party, for what are believed to have been talks on the deteriorating situation in the Basque country.

The government's representative in Navarre, meanwhile, has urged the National Basque assembly called by the radical separatist coalition Herri Batasuna in Pamplona this morning.

Both Sr. Suarez and Sr. Gonzalez refused to comment on their meeting, but the Government is believed to be seeking a bipartisan approach to the Basque and Catalan statutes of autonomy, due shortly to be given a first reading in Parliament.

The governing UCD party is holding daily meetings to discuss the draft Basque statute, passed last year by MPs from the region. The Government

has another week in which to present amendments, and it is thought that it will claim that at least 20 of the draft statute's articles are unconstitutional.

The Herri Batasuna rally has been called to present a counter-statute which recognizes Basque sovereignty. This has also been declared unconstitutional, and the Civil Governor of Navarre has ruled that the coalition was a legal entity only during the general and municipal election campaign.

Herri Batasuna, which is supported by Eta-Militar guerrillas, gained four seats in Parliament and nearly 700 aldermen in those elections, becoming the second Basque political force after the mainstream Partido Nacionalista Vasco (PNV).

Two related events rounded off a tense day in the Basque country.

ETA's politico-military wing, ETA (P-M), which earlier this

week released unharmed the Industry Ministry's delegate in Navarre after a five-day kidnapping, announced that all government officials in the Basque country have been condemned to death.

ETA (P-M) reaffirmed its support for the draft statute in Parliament, while its political counterpart, EIA, which has one seat in Parliament, has said in an internal document that it will take up arms if the statute is substantially modified.

The second event comes in the wake of Sunday's police killing of a young homosexual in the border town of Iruya. The Civil Governor of Guipuzcoa province has announced that the policeman responsible had been arrested, and that the police commander, who subsequently broke up a town council meeting called to protest about the killing, had been removed from his command.

New accord may solve crisis in Portugal

By Jimmy Burns in Lisbon

AN ATTEMPT by Portuguese President General Antonio Ramalho Eanes to find a solution to the country's government crisis that would not involve the dissolution of Parliament appears to be gathering convincing support.

This emerged yesterday at the end of a first round of talks between the President and the parties aimed at ending the crisis caused by the resignation last week of the 6-month-old non-party Government led by Dr. Carlos Mota Pinto.

A statement issued yesterday by the national executive of the Socialist Party, Portugal's major parliamentary grouping, came out firmly against an autumn election.

It said that this would not be an "appropriate solution" and called instead for a new agreement between the political parties. This would be a basis for the formation of a new government capable of ruling the country until the middle of 1980 when the next legislative elections are due.

Tentative backing for the idea of a new government has also come from the Communist party and from 27 independent deputies who recently split from the centre-right Social Democratic party.

Both the Socialist Democrats and the Christian Democrats have consistently called for an early election, although the final position of the Social Democrats is not expected to be decided before the party's national congress this weekend.

With the outgoing government remaining in office in a caretaker capacity, Gen. Eanes appears bent on continuing with his leisurely approach to the crisis, rather than being rushed into a quick decision.

EEC BLUEPRINT URGES COMMON ENERGY STRATEGY

Brussels bid to avoid the crunch

BY GILES MERRITT IN BRUSSELS

ENERGY EXPERTS at the European Commission have drawn up a detailed strategy to 1990 that could be the blueprint for averting a crisis.

Whether it will become the basis of a concerted EEC energy policy, however, is another question altogether.

For, viewed from Brussels, the energy outlook has been going from bad to worse, with lack of political will among member governments cited as the main stumbling block to progress. The Commission has openly clashed with national capitals on the optimism of their assumptions on energy trends, and privately shows little confidence in their overcoming various national objections to a common energy programme.

The medium-term strategy, which was discussed yesterday by the 13-member Commission and is to be submitted to the Council of Ministers, represents a Brussels bid to improve matters. The documents outlining the options open to the Community make interesting reading. For they make the warning noises that EEC member governments have so far preferred—usually for domestic political reasons—not to make themselves.

The fundamental warning contained in the Commission report is that economic growth and increases in energy consumption are so closely linked at present that the EEC must either overhaul its energy habits or re-examine its economic growth targets.

Working on existing energy consuming patterns, there is the risk of a serious energy gap by 1990.

The Commission forecasts are therefore questioning the targeted average increase in Community growth rates of 3.9 per cent annually during 1978-80.

They say that the 0.8 ratio between gross energy con-

sumption and economic growth that was agreed last July by EEC heads of government should, in the light of the latest projections, be reduced still further. They believe that it should be pegged to 0.7 now, and for 1986-90 cut further to 0.68.

The message is clear enough. The energy problem will be putting a brake on growth—even though the coming decade is one in which high growth rates seem essential to help solve the looming jobs crisis—that could see unemployment in the Community rise from around 6m at present to 15m in 1985.

Nor is the problem even that straightforward. For one important point that Commission officials are now making is that although slower GNP increases might help restrict rises in energy demand, a fast rate of growth is needed if European industry is to make the profits needed for investment in energy-efficient equipment.

Worrying as these predictions are, the Brussels Commission is stressing that they are based on a comparatively optimistic scenario in which the Nine will have implemented an energy conservation and development programme that by 1990 will have cost approaching £250bn.

The Commission is urging that oil imports should, in effect, be frozen, so that by 1985 they will still be at last year's level of 470m tonnes.

The Community's present total energy requirement is 970m tonnes of oil equivalent, and with the projected figure for 1990 showing a rise to 1.39bn tonnes of oil equivalent, the strategy for bridging that gap is a massive increase in nuclear and coal-burning power stations.

Public opinion after the Harrisburg reactor accident in the U.S. has knocked the breath out of the nuclear industry, while EEC partners' reluctance

to base energy development on the use of plentiful but expensive British and West German coal has led to a comparative drop in coal-based electricity. Commission officials are, nevertheless, insisting that by 1990

by 1985—savings are currently running at 1.4 per cent a year instead of 1.5 per cent—but member governments are to be urged to fix even more ambitious targets soon.

Other measures being put forward include considerable increases in taxation on energy, and the setting of goals for petrol consumption of cars. A study of the effects of various fiscal measures that could be taken, notably much higher taxation on fuel and cars, is now being put together by the Commission.

What effect the Brussels Eurocrats' dire warnings will have on EEC governments remains to be seen. Next week's summit meeting of EEC heads of government in Strasbourg is expected to concentrate on energy questions, and will have the added impetus of the call for a grand design on energy that has now been made by Herr Helmut Schmidt, West Germany's Chancellor. But in Community politics there is often a wide gap between agreement that something should be done and a decision on what should be done.

The outstanding issues of an EEC coal policy, refining capacities, access to North Sea oil, subsidies and pricing problems, border construction of nuclear reactors and the development of national nuclear industries all stand between the Nine and a common energy plan.

The relationship between EEC member governments and the Commission is not always an easy one either. Dr. Guido Brunner, the EEC Energy Commissioner, sees his directorate as a central clearing house for information, and increasingly for policy studies. But tempers flared recently when Dr. Brunner revealed that the Nine were this year achieving only a 3.5 per cent reduction in oil consumption rather than the 5 per cent target.



Dr. Guido Brunner

SPANISH ROYAL VISIT TO MOROCCO

King wages peace

BY DAVID GARDNER IN MADRID

NG JUAN CARLOS of Spain is out today on a three-day visit to Morocco, at a time when relations between the two countries have reached a new low.

Initially because of their conflicting interests and at the very least over the former Spanish colony of the Western Sahara.

The Moroccan have been fighting an increasingly difficult and expensive war against the Polisario Front, who are fighting for Saharan independence, ever since Spain handed over its former colony Morocco and Mauritania in 1975.

The agreement was signed in the middle of the crisis created by General Franco's death and the strong Moroccan pressure since then. Spanish diplomacy opted for a negotiated settlement to the war which would end the Polisario. In the 18 months, Spanish officials repeatedly stressed that in does not regard the process of decolonisation complete if the Saharan people can exercise their right to self-determination, under the terms of UN resolutions dated in 1978.

The strongest manifestation of this new Maghreb policy was during Prime Minister Adolfo Suarez's visit last month to Algeria. While there, he met Algerian leader Mohammed El Aziz, in Spain's most overt act of stance since the govern-



King Juan Carlos

ing Union de Centro Democrático recognised the guerrillas last year.

The visit immeasurably improved Spanish-Algerian relations, but did not convince Morocco that Spain sought equally cordial relations with all its southern neighbours.

The Moroccan renewed their campaign of harassment against Spanish vessels fishing in Moroccan waters and revived its dormant claim to Spain's two North African enclaves of Ceuta and Melilla.

Sr. Suarez's government, however, is thought to be more con-

cerned by the future of the Canary Islands, Algeria's opposition to the Sahara settlement and support for Polisario, led to back the Canary Island separatist group MPALAC. As a result, Spanish diplomacy occupied most of 1978 in heading off an Algerian bid to have the Organisation for African Unity's liberation committee recognise the Canaries as African.

Though the MPALAC melted when Algerian backing was withdrawn, the subsequent rise of nationalist groups with a wide popular base in the islands is causing the Government deep concern. The Union del Pueblo Canario, which calls for self-determination for the islands, came second in April's municipal elections there.

Spanish Foreign Ministry officials indicate that none of the controversial issues at stake between Spain and Morocco will be tackled by King Juan Carlos, but instead by Sr. Marcelino Oreja, the Foreign Minister. No joint communiqué is expected and the visit is being played by the Spanish side as a low-key protocol affair.

However, it is not ruled out that the bilateral fishing agreement, the one apparent gain for Spanish diplomacy from the 1975 agreement, will finally be ratified. Little is expected on the trade front, though Morocco is a natural trading partner for Spain, which has multiplied its Moroccan sales five times since 1974.

Czechoslovak authorities plan large-scale human rights trial

BY OUR FOREIGN STAFF

CZECHOSLOVAK authorities are preparing for their first trial of human rights activists since 1972, according to reports reaching London.

In May 29, 10 members of the Committee for Defence of the Justly Prosecuted (VONS) were arrested. The 10 include official spokesmen of the Charter 77 human rights group, Václav Benda and Mr. Jiri Dienstbar.

The authorities are rapidly sparing to lay charges against

the 10 and one other member of VONS arrested in March, according to a statement since put out by VONS.

This statement is its 15th since VONS was founded in April 1978, an indication of its state of activity. While the better-known Charter 77 group has concentrated on seeking to oblige the authorities to respect the UN Covenant on political and civil rights, which they ratified in March 1976, VONS has concentrated on the arrests carried out in particular of signatories of Charter 77.

Mr. Jan Kavan of the Palach Press Agency, which was founded three years ago to spread information on Czechoslovakia and Poland and to place manuscripts with Western publishers, says that the embassament to the authorities caused by VONS's evidence of "judicial persecution" is one of the reasons why its members have now been arrested.

According to VONS, its members will be charged with subversion of the republic and face up to five years' imprisonment—though in the case of Mr. Petr Uhl, his telephoning of documents to the West means he may be charged with "acting

in collusion with Western powers" and face up to 10 years' prison.

VONS, which corresponds to the Self-Defence Committee in Poland, has details of 60 signatories of Charter 77—though in a television interview filmed before his arrest Mr. Benda claimed that several hundred signatories had been arrested.

Charter 77 has just published a document on the economic effects of the massive purges of officials and employees carried out in 1970 and 1971; it argues that these are largely responsible for the way that, despite Czechoslovakia's relatively advanced industrial base, its productivity is low.

The group has usually had three official spokesmen. Apart from the two also members of VONS—recently arrested, a third of its spokesmen, Mr. Jaroslav Sabata, is also in prison.

Professor Jiri Hajek, the widely-respected former Foreign Minister, and Dr. Ladislav Hejzlanek have just been appointed as spokesmen. The recent busting up of Mrs. Zdena Tomínova, a prominent member of Charter 77, is an indication of official concern in this area.

Of the VONS members arrested recently, probably the best known is Mr. Václav Havel, a playwright whose work has appeared on the BBC and in London theatres. A film of police surveillance of his house was recently smuggled out of Czechoslovakia but the Palach agency say that it has been mislaid.

One prominent Czech dissident exile, Mr. Jiri Pelikan, has just been elected to the European Parliament, on the Italian Socialist Party list.

Russians halt exile's family

MOSCOW — Soviet airport officials yesterday prevented the family of exiled Pastor Georgi Vins from leaving to join him in the United States.

The wife, mother, niece and five children of the dissident Baptist were clearing customs at Moscow's Sheremetyevo Airport when a last-minute problem arose.

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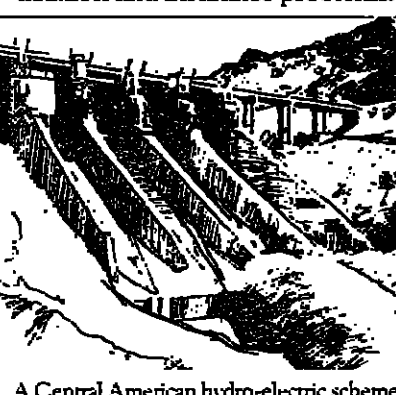
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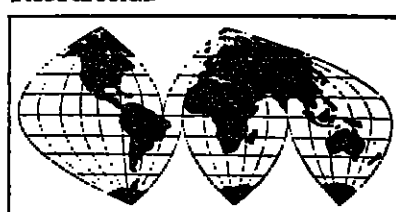
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OVERSEAS NEWS

AMERICAN NEWS



Gen. Magnus Malan: a rare pronouncement

S. Africa's war for black opinion

By Quentin Peel in Johannesburg

IN A RARE public-speaking engagement, General Magnus Malan, Commander of the South African Defence Force, and possibly the most influential adviser of Mr. P. W. Botha, the Prime Minister, yesterday outlined his vision of the total onslaught which South Africa can expect.

He said that a conventional military threat "in the not too distant future" could not be ruled out, but he stressed particularly the psychological war being waged for black opinion.

The General, appointed chief of the Defence Force at the age of 46, nearly three years ago, is widely regarded as architect of Mr. Botha's "total strategy" for the defence of South Africa. "This confrontation that is being waged against us, though undeclared, covers the full spectrum of all the ways and means at the enemy's disposal in the economic, diplomatic, psychological and military fields," he told a conference in Pretoria.

"The present strategy of our enemies is to create uncertainty, unrest and anarchy in order to pave the way for revolution backed by sabotage, incitement and military operations."

"The military struggle is important, but when the battle for the soul of the population is lost, everything is lost," he said. "The insurgent forces have no hope of success without the aid of the local population."

He went on to outline the Government's intention of moving away from racial discrimination, so as to give members of other racial groups "something to strive for, to live for and to fight for."

Tories follow Labour line in blocking oil for Israel

BY DAVID LENNON IN JERUSALEM AND ANTHONY McDERMOTT IN LONDON

THE THATCHER Government is maintaining the policy of its Labour predecessor in refusing requests from Israel for supplies of North Sea oil.

The Labour view was that North Sea oil should go first to domestic requirements and then to members of the International Energy Agency, Israel. It is understood, was not explicitly excluded but it was made clear that oil was not available.

The U.S. is understood to have tried to persuade Britain to supply oil to Israel. The U.S. is under an obligation to provide oil for the Israelis, but no request has been made so far. In an interview with the Financial Times, Mr. Vitzhak Mordechai, Israel's Energy Minister, refused to confirm that a request to Britain had been made. He said: "We still hope that North Sea oil will be made available. There is nothing final in politics and the Labour Government's refusal was based on

politics, not economics."

The Minister criticised the West for failing to take any measures to end current confusion in the world oil market. He said political intervention and, possibly, economic counter-measures were required.

Mr. Mordechai said that the International Energy Agency had failed to prove itself. "It is a defensive system, not an offensive system. They set up committees and hold meetings and the more they meet, the worse the situation gets."

The Minister said that Israel, which received 80 per cent of its oil from Iran before the revolution, is now facing a serious situation.

More than 50 per cent of its supplies are covered by renewable contracts with Mexico and the output of the Alma field in the Gulf of Suez. Egypt has agreed to continue the Alma supply after the field is handed over to the Israelis in November. But the rest of Israel's oil is

purchased on the spot market, and Mr. Mordechai said: "The situation is complete chaos. I get telephone calls two hours apart and the price jumps by 15 or 20 per cent."

Israel was in the same situation as other oil consumers in this respect, he said, and because of this was anxious that the West should create some sort of a framework for the world market "where you know the rules that act upon it."

The Minister said that he did not see much chance of this happening. While the U.S. and Japan might favour some tough action, he doubted whether Europe had the will power.

Economic measures like putting a ceiling on the import price or co-ordinating purchases would not be enough. Intervention would be required such as that used by the U.S. towards the Soviet Union "when they wanted to get SALT-2 when they wanted to get Soviet Jews released."

Indian special courts call for Gandhi case papers

BY K. K. SHARMA IN NEW DELHI

MRS. INDIRA GANDHI, whose fortunes have been on the decline since she was imprisoned for a week last December for contempt of Parliament, now faces the danger of a longer spell in jail.

Special courts, established by the Government to try her and her associates for alleged crimes and abuse of power during her emergency rule have now started work.

Three cases have been taken up by the two special courts and Mrs. Gandhi is the main accused in two of them. These relate to acquisition of vehicles from businessmen for election purposes in 1977 and alleged harassment of officials who were

thought to be impeding a project involving Mrs. Gandhi's son, Sanjay.

The cases have already been filed in ordinary courts. The special courts yesterday asked the judges to transfer all records to them. After scrutiny of the papers, proceedings are expected to begin, possibly next week.

The special courts were set up to circumvent long judicial delays. Their only business will be to try Mrs. Gandhi, Sanjay, former Ministers and aides named in reports by commissions which inquired into alleged excesses during the emergency.

Safety first choice for successor to Vorster

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA'S ruling National Party has nominated Senator Marais Viljoen, former Minister of Labour and president of the Senate, as candidate for the state Presidency to succeed Mr. John Vorster, who resigns over the information scandal.

Senator Viljoen, whose election as President will be a formality, is a long-serving party man, with the sole distinction of having been a co-founder of the party's youth wing.

His nomination is, clearly, an attempt to put a relatively non-controversial figure into the Presidency. The alternative, of

backing the candidacy of Sir De Villiers Graaf, former leader of the Defunct United Party, was rejected by the National Party caucus, although it was proposed by some sections of the National Party Press.

Senator Viljoen is a member of the Transvaal National Party, and therefore provides a token balance to the Cape leadership of Mr. P. W. Botha, the Prime Minister. More important, his elevation provides a vacancy in the political hierarchy which will give Mr. Botha greater flexibility in the Cabinet reshuffle he has to carry out soon.

Jordanians curb bank lending

By Rami G. Khouri

JORDAN'S Central Bank has imposed a series of monetary controls to reduce inflationary pressures by curbing commercial bank lending.

A Central Bank circular sent to all commercial banks raises their minimum reserve requirement from June 15 by 1 per cent, bringing it to 16 per cent for demand deposits and 13 per cent for savings and time deposits.

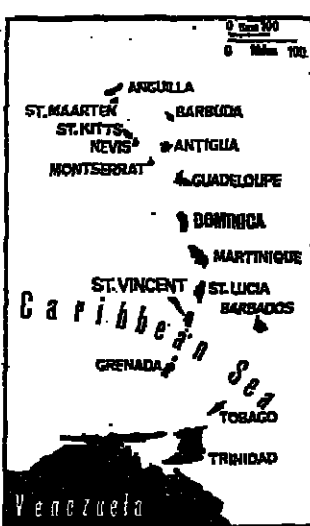
The second measure puts a ceiling of 70 per cent on the banks' credit-deposit ratio, though this does not come into effect until August 15.

During the first quarter of this year, commercial bank credits have been growing at nearly double the rate of last year. This partly reflects the sharply rising liquidity of the Jordanian economy. From March, 1978 to March, 1979 total money supply, M2, rose by 32 per cent, reaching 661m dinars (£1,040m).

Commercial bank credits have risen at double this rate.

Ghanaian promise

GHANA revolutionary government, which seized power on June 4, will honour its international financial and contractual agreements, monitored in London, Accra Radio yesterday. The radio also said the country's existing foreign policy would be maintained. Reuter



Opposition mounts to Dominican Premier

By Tony Cozier

FOLLOWING THE overthrow in March of Sir Eric Gairy, Grenada's controversial Prime Minister, in the Commonwealth Caribbean's first successful coup d'état, slogans immediately appeared on the walls of Roseau, capital of nearby Dominica, proclaiming: "Gairy gone, John next."

The intervening months have, indeed, been difficult for Mr. Patrick John, Prime Minister of the recently-independent island-state. Proposed new legislation to curb the powers of the unions and the Press has united political, labour, business and church groups in the demand that the John Government resign.

There have been protest demonstrations, some of them violent, in the streets of Roseau. A fortnight ago, a young man was shot dead by troops and an infant was suffocated by teargas fumes. The upsurge was a general strike, now in its second week, which has brought virtually everything to a standstill. Like all the other islands in the Windward and Leeward groups, Dominica is in economic difficulties as it is.

Mr. John survived similar action a few years back after a dispute with his civil service and he is adamant that he will not yield this time. Yet it is difficult to imagine him lasting this one out.

New party

His Dominican Labour Party is now in a minority in Parliament. Mr. Oliver Seraphine, his former Agriculture Minister, who quit the Government over allegations of links with South Africa, is forming a new political party with the support of half the MPs who formerly supported Mr. John.

Mr. Seraphine has been nominated as Prime Minister in an interim Government that a "committee of national salvation" hopes to establish. The Committee consists of 30 representatives of the organisations, opposed to Mr. John.

Although the combined opposition is now in a powerful position, they will have to solve a complicated constitutional tangle before they can force home their advance.

President Fred Desazon, the only man who can accept the Prime Minister's resignation, and the only man empowered to name a replacement, resigned after his advice to call elections was ignored. He has left the country and is believed to be heading for Britain.

Mr. Bersling Waldron, Speaker of the House of Assembly, has also resigned, making it difficult to call a sitting of Parliament at which a vote could be taken to force Mr. John out. For his part, Mr. John, a diminutive ambitious 42-year-old former schoolteacher, contends that his party was given a mandate (17 seats to three) at the March 1975 elections and will govern until new elections are due next year. He has, however, offered concessions to the opposition.

Bills shelved

The two contentious pieces of legislation have been temporarily shelved, he has agreed to allow United Nations supervision of the next elections and has promised an independent inquiry into the deaths of those killed in the demonstrations. Mr. John's fortunes have declined sharply since the bizarre revelations late last year that he, Mr. Leo Austin, the former Attorney-General, and the Government were caught up in a complicated deal involving South African money in exchange for the establishment of an oil refinery in Dominica, the granting of concessions to an American company for the development of free port facilities on the north of the island and a plot to invade Barbados with an army of 350 international mercenaries.

Western intelligence services got wind of the Barbadian scheme and it never materialised. But there was strong evidence that the Dominica Government was implicated. The extremely generous terms of the free port scheme brought widespread protests, culminating in large street demonstrations, and an embarrassed Mr. John was compelled to back out of the deal.

In the meantime, legislation was being drafted to amend the Industrial Relations Act so as to outlaw strikes in essential services, and to limit the freedom of the Press, which was enjoyed a field day with the South African connection.

House expected to vote to lift Rhodesia sanctions

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Senate was expected to take formal action late yesterday to lift trade sanctions on Zimbabwe Rhodesia, with Mr. Tip O'Neill, Speaker of the House, predicting the House would follow the Senate lead.

This would put Congress on a direct collision course with President Carter, who has threatened to veto any anti-sanctions moves now. Mr. Cyrus Vance, the Secretary of State, who earlier this week urged Congress to stay in line with Britain and keep sanctions for the time being, yesterday said Congress should not intrude into the operation of foreign policy, an Administration prerogative.

But Mr. Vance took heart from the fact the Senate defeated late Tuesday, by only

53 to 41 votes, an attempt to modify a sanctions-lifting amendment to the Defence Bill. The Senate was likely to pass that Bill, with the sanctions amendment, later yesterday.

Even if the House, according to Mr. O'Neill's prediction, follows suit, there may not be the necessary two-thirds majority of both Houses to override a Presidential veto. Mr. Vance noted that the Tuesday vote showed more Senate support for keeping sanctions than appeared in a similar vote in May, and hoped that, as Mr. Carter's policy, which aims at close co-ordination with the new British Government, becomes better understood, this support would grow.

Mr. Vance said Nigeria had not told the U.S. it would cut

off oil supplies if the U.S. lifted the trade boycott on Zimbabwe Rhodesia, as some reports had indicated. Supporting the President's decision, he again stressed the basic inequities to the black majority in Zimbabwe Rhodesia contained in the country's new constitution.

The U.S. is, however, to keep contact with the new Government in Salisbury through an official attached to its South Africa embassy, and Mr. Vance has promised to keep Administration policy under review, with monthly reports to Congress.

Two envoys have left Zimbabwe Rhodesia for the U.S. for talks about a possible visit to Washington by Bishop Abel Muzorewa, the Prime Minister.

Kennedy opposes health scheme

BY OUR WASHINGTON CORRESPONDENT

PRESIDENT CARTER'S proposal this week to the U.S. Congress for an \$18bn national health insurance programme has run into sharp and predictable opposition from Senator Edward Kennedy, who has long championed much more extensive health care.

The dispute seems at least to guarantee one source of rivalry between the two during the coming presidential election year, when the President will be hard put to unite his Democratic Party behind him.

Mr. Carter announced his plan, designed to cover the "most urgent needs" of sick Americans, at a press conference attended by several key congressmen and senators, such as Senator Russell Long, chairman of the Senate Finance Committee, which must approve any new insurance programme.

Their support is crucial, although White House officials recognise some compromise may have to be reached with Senator Kennedy, who chairs the Senate Health Subcommittee.

The Carter plan would cost the Treasury \$18.2bn, and employers and employees would contribute a further \$8.1bn. The government contribution would go to expanding the existing Medicare and Medicaid insurance programmes for the poor and the elderly, while the private contributions would finance a family's medical and hospital costs above \$2,500 a year.

Both the Carter and Kennedy plans would begin in 1983, but that is about the only similarity. The major difference is that Senator Kennedy's plan would take effect at one go, and would cost around \$35bn, while the President's proposal would be introduced in stages.



Senator Edward Kennedy

Vance minimises problems at home as summit nears

BY OUR WASHINGTON CORRESPONDENT

PRESIDENT CARTER was still strong enough at home to be taken seriously as a negotiating partner by the Soviet Union, Mr. Cyrus Vance said yesterday.

The Secretary of State rejected suggestions at a Press conference that President Leonid Brezhnev at this week-end's U.S.-Soviet summit in Vienna would see Mr. Carter as unable to deliver on his foreign policy commitments because of Congressional setbacks to his Rhodesia and Panama policies, and because of his low opinion poll standing in the country at large.

He rejected as "misguided and simply wrong" Senator Henry Jackson's public criticism that Mr. Carter was continuing a policy, begun by President Nixon at the 1972

Moscow summit with Mr. Brezhnev, of appeasement towards the Soviet Union that smacked of British behaviour towards pre-war Germany. Mr. Vance said that the Secretary of State had to realise that one side, the U.S., could not get all its own way in arms control negotiations.

While seeking to protect the President's domestic flank in advance of the Vienna meeting, the Secretary of State nonetheless downplayed expectations of what the summit might produce in the way of concrete agreements with Moscow. He described the SALT treaty signing as being of "great importance," and hoped progress might be made in other arms control negotiations and bilateral issues such as trade.

Chicago follows NY lead on prime rate cut

BY STEWART FLEMING IN NEW YORK

CHICAGO'S largest bank, Continental Illinois National Bank, announced yesterday that it would follow the lead of Morgan Guaranty Trust of New York and cut its prime lending rate from 11½ per cent to 11 per cent.

This confirmed expectations that the lower prime would spread through the U.S. banking industry. Many predict that Citibank will follow suit at the end of the week.

The lower funds costs to the banks and recent evidence that the U.S. economy is weakening. It has been a factor behind the rise in share prices on Wall

Street this week and has served to underpin the month-long bond market rally in New York. Yesterday morning, however, there were signs of profit-taking in the bond markets after price rises which had seen yields on long-dated Treasury issues fall over 60 basis points in the past four weeks.

The bond markets' rise has been fuelled in part by hopes that a slowdown in the economy might ease. Tomorrow the Commerce Department publishes industrial production data for last month which should provide further evidence of the degree to which the economy is weakening.

Coast-to-coast-air fare cut to \$89

BY DAVID LASCELLES IN NEW YORK

CUT-THROAT competition on the busy New York to Los Angeles air route has produced some of the deepest fare-cutting yet seen on U.S. domestic flights. A passenger who receives the full discount will, from next Monday, be able to make the 3,000-mile flight for only \$89, just over a third of the regular \$472 fare.

These cuts have been bought about by a series of unusual events. One was the entry into the New York-California route of the World Airways an aggressive charter airline with a Lake-like reputation for taking on the big boys and cutting fares.

In April, World launched a \$109.99 one-way fare (plus \$3 for a meal), and was immediately deluged with business for its two flights a day each way. The company claimed at the time it had called "coming out of our ears."

Soon afterwards, four of the biggest U.S. domestic airlines, United Airlines, American Airlines, Delta and Pan American

followed suit, with a \$108 one-way fare. Then, last Monday, Pan America took an even bolder step, and slashed its stand-by fare to \$89, including meals.

While all this was going on, United, the largest U.S. airline, was struggling to recapture the market share it had lost during a damaging 55-day mechanics' strike. One United spokesman said it was giving passengers a coupon entitling them to 50 per cent off their next United flight. Not to be outdone, American Airlines came out with a similar deal. (TWA also had one, but did not implement it despite a full-page advertisement which appeared by mistake in a New York newspaper.)

The latest twist came with Pan Am's \$89 fare announcement on Monday. It said it would also honour the 50 per cent discount coupons issued by other airlines, starting next Monday, even though United and American will not start honouring theirs.

Buying a stake for the locals

MALAYSIA has always been regarded as a model of a successful capitalist developing economy. But it is being increasingly asked whether the radical social engineering goals pursued by the Government are compatible with the private sector's continuance as the main-spring of the economy.

The recently-published mid-term review of the third Malaysia plan (1976-80) suggests that however much the Government may want to encourage the private sector, the priority accorded to social restructuring is leading to a retarding growth of the state sector.

Malaysia is now nearly half way through its 20-year programme, 1970-90, to improve social and economic development, to end the identification of race with economic function — specifically of the Chinese with business and industry. The new economic policy, as it is called, was the response to disastrous race riots in May 1969.

The vast distance to be travelled is indicated by the fact that in 1970 Bumiputras (Malays and other indigenous people) accounted for 31 per cent of the population but owned only 2.5 per cent of share capital and had 3.4 per cent of outstanding bank credit.

The NEP had two underlying assumptions: Fast economic growth which would enable the Malay share of income and wealth to be increased without taking away directly from other races. And, secondly, that Malaysia would remain an open capitalist economy with the Malays joining the ranks of share-owners and entrepreneurs.

A key target was 30 per cent Bumiputras corporate share ownership by 1990.

During the first five years of the NEP, Government increased its own development spending by an annual 17 per cent as efforts were made to improve education, open new lands for Malays and otherwise help NEP goals. At the same time the Government funded a number of enterprises to acquire assets in trust for the Malays. One of these was Permas which now controls a large part of the tin industry and is the largest shareholder in Sime Darby. During this period the State also increased its role in industries ranging from shipping to banking. By 1975 Government

vestment had fallen to 62 per cent of total investment from 70 per cent in 1970.

In the third Malaysia plan, however, starting in 1976, the Government aimed to reverse the trend and to rely on the private sector as the main spring of growth. Private investment was intended to grow at nearly 10 per cent compared with only 6 per cent for the public sector.

But things have not worked out as planned. Economic growth was 6.7 per cent a year in 1976-78. But a large part of the success was due to growth in the oil production, which was omitted from the plan. Oil is effectively controlled by the

Malaysian Government is actively intervening in the economy to create a bigger share for the Malays, while trying to maintain a capitalist structure. PHILIP BOWRING, recently in Kuala Lumpur, reports on the way practice is diverging from theory.

during 1976-80 the public sector will contribute nearly half the domestic finance for "private sector" investment through institutions such as the state economic development corporations.

The Government is also increasing its funding of institutions acquiring assets on behalf of Bumiputras. Total allocations for Bumiputras institutions has been increased from \$1.7bn to \$3.2bn.

The process of state acquisition, either direct or through Bumiputras institutions, of an increasingly large stake in the economy, would be slowed down by a revival of genuinely private investment in the productive

sectors. But the process may be unstoppable in the context of the 1980 target of 30 per cent Bumiputras ownership.

That assumption was a bold one even under conditions of rapid private sector growth. The inescapable logic is that the slower the private corporate sector grows, the greater must be the degree of state intervention to acquire existing shares on behalf of Bumiputras. Thus quasi-Government bodies will acquire greater control over the private sector.

By last year the Bumiputras share-stake had reached only 10 per cent overall, of which only one third was individual, the rest being Government-funded trust ownership. It will not be easy to quicken the pace without creating strains. Between 1971 and 1978 the foreign share of ownership of corporate assets declined sharply as a result of acquisitions of shares by all Malaysians in tin mining and plantation companies. But the beneficiaries were non-Bumiputras (mostly Chinese) as much as Bumiputras. The non-Bumiputras stake went up from 34 to 43 per cent. The ownership gap between the two classes of Malaysians has thus been widening while the Bumiputras

The only ready way out of that dilemma — without unduly upsetting non-Bumiputras Malaysians — is for the Government to speed up acquisition of foreign held assets by Bumiputras institutions.

At the same time the Government is beginning to think in terms of creating new state industries. The aim would be both to raise the rate of investment, and generate new opportunities for investment by the Government-funded Bumiputras institutions. Dr. Mahatir Mohamad, Deputy Prime Minister, has said that the government is considering the possibility of building a steel mill with investment coming from the Government, Bumiputras institutions and from overseas.

But combined with all the other forces at work it adds up to continuing strong growth in the state sector of the economy and, possibly, a misallocation of capital resources. It is a trend which is worrying many in the Government.

The trend need not worry foreign investors in new industries, who are given a genuinely warm welcome in Malaysia as well as being accorded the usual tax advantages. It is a trend which could be slowed by a revival in private investment, a less buoyant Government revenue position, or by a redefinition of the modern sector of the economy which would show the Malays to control rather more than is apparent simply from share-ownership statistics.

But the dangers are real enough. The state sector does not have a good record of efficiency, and its expansion will further enhance the powers of patronage held by the Malay-dominated Government administration. A situation in which the Chinese and foreigners were identified with private capital and the Bumiputras with a dominant state sector would be contrary to the basic objective of new economic policy.

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Iran revolution disrupts W. German-Mideast trade

BY GUY HAWTIN IN FRANKFURT

WEST GERMAN imports of oil from Iran—formerly the Federal Republic's largest supplier—fell 50 per cent in the first quarter of the year. In Deutsche Mark terms, they fell from DM 1.1bn (\$575m) in the first three months of 1978 to 550.2m.

However, the Germans managed to offset most of the decline in oil imports from Iran by increased imports from other oil-producing areas from the German Near East Association. These increases in imports from Iraq, Kuwait and Saudi Arabia.

Together, oil imports from the four countries increased DM 491.8m. The sharpest rise in imports from Iraq which

rose 363 per cent to DM 190.5bn. Imports of Saudi crude rose by 38 per cent to DM 889m, while imports from Kuwait doubled to DM 192.5m. At the same time, the value of oil from Bahrain rose 66 per cent to DM 3.7m and purchases in Oman went up 18 per cent to DM 27.1m.

West German exports have also been profoundly affected by the revolution in Iran. During the first quarter, German shipments to Iran were off 51 per cent compared with the same period of 1978.

They fell from DM 1.36bn in the opening three months of last year to DM 664.4bn. However, increased sales to other Middle Eastern countries helped greatly in offsetting the drop in exports to Iran.

Saudi Arabia has now taken over as the West Germans' largest customer in the area. Exports from the Federal Republic went up 20 per cent from DM 941.2m in the first quarter of 1978 to DM 1.13bn. There was major growth in other areas. Exports to Qatar, for instance, rose 116 per cent to DM 52.65m, while sales to the United Arab Emirates increased 28 per cent to DM 254.5m. Shipments to Israel also rose considerably—up 27 per cent to DM 310.7m.

However, overall exports to the area were down 3 per cent from DM 4.64bn in the first three months of 1978 to DM 4.28bn—as a result of falling exports to other areas.

Ohira to mediate in TV dumping fines issue

TOKYO — Mr. Masayoshi Ohira, the Japanese Prime Minister, has decided to try to mediate in the colour television dumping dispute between Japanese manufacturers and the U.S.

Mr. Ohira promised to help solve the issue to Mr. Toshikiko Yamashita, president of the Electronics Industries Association of Japan, when they met at the Prime Minister's official residence in Tokyo, an association spokesman said yesterday.

Mr. Ohira pledged to broach the subject when he meets President Carter in Tokyo this month. President Carter is visiting for the Tokyo Economic Summit of seven industrialised nations.

The dispute revolves around the U.S. demand that subsidiaries in the U.S. of Japanese trading houses and manufacturers pay a total of \$45m for allegedly importing colour television sets at unfairly low prices for about two years until June 1973.

Most companies have been refusing to pay the anti-dumping penalties, threatening instead to go to court to settle the dispute. They claimed that the U.S. method of calculating the penalties is unreasonable. AP—DJ

Hong Kong to review EEC textile agreement

Hong Kong is advocating a review of its current textile agreement with the EEC signed in 1970 arguing that quota cutbacks mostly benefited developed countries.

Mr. David Jordan, Director of Trade, Industry and Customs, said that available 1978 import statistics for Britain tended to confirm that Hong Kong's former EEC textile quotas had been absorbed by developed countries including other member states of the EEC.

SOVIET TRADE WITH WEST

Compensation deals to be cut back

BY JOHN EVANS

DISCUSSIONS with Soviet officials over the USSR's medium to long-term economic plans up to 1990 make it evident that the rate of growth in Soviet trade with the West will slow substantially in the next few years, according to Dr. Lawrence Brainard of Bankers Trust Company of New York.

Dr. Brainard, senior international economist for the bank, was speaking in London after a visit to Moscow. He was a member of a U.S. delegation under a U.S.-Soviet agreement for bilateral exchange of economic specialists.

The Moscow discussions involved the Soviet five-year plan beginning in 1981 and initial disclosures about a

long-term plan extending to 1990.

The slow rate of growth in Soviet/Western trade was evident in the planned number of trade deals involving compensation arrangements, Dr. Brainard said. In the 1973-76 period, Western companies completed 60 such deals.

In the next five years, however, Soviet officials expect that only 15 new projects involving compensation agreements will be completed, the U.S. economist said.

He added: "The Soviet Union is showing particular caution in initiating large projects, in excess of \$300m."

The problems for the Soviets did not involve credit, as Moscow would be able to

obtain hard currency for large projects involving Western technology, Dr. Brainard said.

Instead, domestic planning difficulties seemed to stand in the way. Soviet decision-makers seem reluctant to commit themselves to large new projects when basic components of infrastructure, such as roads to a construction site and housing for workers, could not be assured.

Soviet planners indicated that projects for the chemicals industry would receive less emphasis, because of a shortage of petroleum feedstocks and because of adverse market conditions in the West for chemical projects.

In contrast, plans call for increased production capacity for consumer durables

destined for domestic consumption, Dr. Brainard said. Moscow officials indicate that energy development would now receive particular emphasis, with planned total Soviet energy production to increase, by the year 2000, to a level two to 2½ times that of 1975.

Projections show that the contribution of oil, as a source of total Soviet energy output, declining from 35 per cent in 1975 to between 16 and 18 per cent by the year 2000.

While the share provided by nuclear power plants is expected to increase in the coming years, the major net contribution to Soviet energy over the period is expected to be in the form of natural gas.

China signs oil exploration pacts

BY KEVIN DONE, ENERGY CORRESPONDENT

NA HAS signed a further 10 contracts with some of the world's largest oil companies for its major programme of offshore exploration oil and gas.

Texaco and Standard of California (Socal) of the United States, and ENI, the Italian state company, are among the latest of companies that have engaged to conduct seismic exploration largely in the area of the South China Sea.

China said that it will be buying two seismic vessels to conduct its geophysical survey in the South China Sea. The vessels will take about 12 months to arrive.

Under the agreement, other companies might be able to use some of the Exxon data. U.S. oil company will have a reimbursement, however, for its costs and permission to use the data will have to be given by the Chinese.

A preliminary exploration agreement gives no guarantee to oil companies that they be able to undertake any subsequent drilling work. But it said that China had taken to invite competi-

tive bids on areas that have been surveyed.

China had committed itself in negotiations with the oil companies to hold a first round of bidding for full offshore exploration licences within 12 months of the completion of the seismic port its ambitious programme of exploration work.

Texaco, Socal and ENI have also been engaged to carry out seismic work in areas of the South China Sea. In earlier agreements other companies such as British Petroleum have received licences to work in the Yellow Sea.

China has not yet spelled out

what access the foreign oil companies will have to any oil they find, but the industry is gambling on being offered some form of production-sharing contracts.

The main focus of the exploration work will be in offshore basins extending from the South China Sea and the Gulf of Tonkin in the south-west to the Yellow Sea and the Po Hai Gulf in the north.

China is seeking to press ahead as quickly as possible with the exploration programme in the hope that increasing oil export revenues will help to support its ambitious programme of industrialisation.

Nippon Steel contract reactivated

TOKYO — Nippon Steel Corporation has announced it has reached agreement in Peking to reactivate a \$1bn contract to build a steel plant at Poashan, near Shanghai.

Mr. Eishiro Saito, the Nippon Steel president, said the China National Technical Import Corporation agreed that the contract be paid on a deferred basis

instead of cash, half in yen and half in dollars, as stipulated originally and with a 10 per cent down payment.

The contract was among about 22 Japanese industrial plant deals worth a total of nearly \$3.6bn that were suspended by China last February when Peking review its modernisation plans. Reuter

TT SAFEGUARDS

Report opposes selective action

PATRICIA NEWBY

PERMITTING of "selective" action against imports of a particular country or of countries under a safeguards code is urged in a report published by the Trade Policy Research Centre.

The report, by Professor R. E. Baldwin, of the University of Wisconsin, now acting consultant to the World Bank, says that it is essential pressure be kept on importing countries not to seek selectively protectionist controls to maintain them longer necessary.

A Tokyo Round of the GATT talks was initiated in 1974 without agreement on a "safeguards" code within 18 months which would lay down rules on imposition of import curbs to protect home producers at market disruption or serious competition by ex-manufactured goods.

present Article 19 stipulates that emergency measures as the imposition of quotas be applied against all suppliers regardless of which one is held responsible for the disruption. In fact, the provision has not been used and comments have gone outside GATT system and either "voluntary" export controls or imposed unilateral

The EEC has been seeking a code, opposed by the developing countries, which would enable an importer to take action against just one exporter or group of exporters.

Professor Baldwin argues against selective emergency measures suggesting they are likely to become "utterly meaningless" as political pressure is exerted on the countries involved. Selective measures would also require greater confidence of signatory countries to respect GATT's principles and rules than has been possible in the past.

Governments wishing to introduce import controls without compensating foreign countries for their export loss should, he says, be required under GATT to outline measures to be taken to adjust the domestic industry so that imports could be gradually liberalised.

Not tying safeguard action, particularly quantitative import restrictions, to domestic measures that promote needed adjustment in the import-competing industry is a serious failure of the Tokyo Round negotiations, the report says.

Rich countries must help poorer countries to industrialise if there is to be long-run international political stability,

but domestic pressures in the developed countries "will almost always be strong enough to continue the protectionist controls more or less indefinitely."

"Lack of political will" by national leaders is blamed by Professor Baldwin for the failure of the Tokyo Round to establish an international system that can cope with trade problems, especially the tide of protectionism sweeping the world.

National leaders failed to appreciate the extent of trade distortion and the dangers posed for international political stability and economic prosperity, the report comments.

To avoid what happened after the conclusion of the Kennedy Round negotiations in mid-1967 when "protectionist measures erupted on both sides of the Atlantic," the report recommends that GATT appoint a commission to immediately take stock of distortions, the effectiveness of existing rules for dealing with them, and the nature of the adjustment strains likely to be placed on the international economic system over the next two decades.

Robert E. Baldwin, Beyond the Tokyo Round Negotiations, Trade Policy Research Centre, 1, Gough Square, London, EC4, 47pp, £3.

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UK NEWS

Breweries' loans attacked

BY PAUL TAYLOR

LOANS to brewery free-trade outlets are "potentially anti-competitive," and require further and more specific examination, the Price Commission said in its reports published yesterday on Bass and Whitbread.

The growing use of linking loans to clubs and other free trade outlets is one of the main areas of criticism in the reports. The commission also expresses concern over other matters, including the policy of both companies to finance capital expenditure from internal funds.

The report on Whitbread is the more critical of the two, and would perhaps have been even more severe had certain passages in the draft report not been deleted.

Whitbread, with a turnover of almost £600m in 1978/79, owns 15 breweries and is building another at Magor, South Wales. Over half the company's sales volume is to its own managed and tenanted public houses, and the remainder goes to the free trade.

More than 30 per cent of the company's volume goes to free on-licences so it puts greater emphasis on this part of the free trade than the industry in general. It promotes sales by a number of means, including the provision of loans.

Whitbread sees these loans as a major weapon in its attempt to gain market share in the free trade, and plans to increase its expenditure on loans. The commission, however, considered that the loans "are designed to inhibit price competition and that they would be better financed from external sources."

It makes similar comments in the report on Bass.

The commission notes that Whitbread's profitability has increased substantially in 1978-1979, and was planned to increase by a further significant amount in 1979-80. It said the profitability level was adequate given the nature of the brewing industry and the competition.

After financing net investment of £202m, the Whitbread group had a cash surplus over the

five years to 1978-79 of £39.3m. However, the original cash flow budget for 1979-80 showed an excess of expenditure of £33.2m over internally generated funds. The commission accepted that the forecast cash flow was weaker than in the past, but said capital expenditure which was generating the cash deficit had added a substantial element to capacity.

The commission said: "It would be reasonable to plan to cover some part of this either from the company's cash in hand, or by further borrowing, rather than by seeking the recovery of all the sums involved through higher prices to current consumers."

The commission's general assessment of Whitbread is that it is an efficient company.

However, it expresses concern over the company's safety record, which it says compares unfavourably with the average for the industry.

The report on Bass, Britain's largest brewer with about 20 per cent of the beer market, con-

cludes that the company is well managed and efficient. But the commission is concerned about the extent to which the company is seeking to recover labour costs, and the extent to which internally generated funds are being used for the expansion of free trade loans.

The net profit margin of Bass in 1978 was 10.7 per cent, and over the five years to September 1978, the company has generated a net surplus of funds of £51m.

The commission, once again said that where the company is embarking on expansion in the value of its business, an element of the expansion should be funded from external finance.

Price Commission Investigation Report No. 39 Bass Ltd.—Wholesale Prices of Beer and Prices in Managed Houses, and Report No. 40 Whitbread and Co. Ltd.—Wholesale Prices and Prices in Managed Houses of Beer, Wines, Spirits, Soft Drinks and Ciders: HMSO, £1 each.

Price Commission rejects 15% Welsh water rise

BY ROBIN REEVES, WELSH CORRESPONDENT, IN CARDIFF

THE PRICE Commission yesterday rejected the Welsh Water Authority's case for a 15 per cent increase in its charges for water and sewerage services in this financial year.

In one of its last reports before abolition by the Conservative Government, the commission recommends no further increases in charges beyond the average 12.5 per cent increase allowed on an interim basis during its investigations.

Since water charges can be altered only once a year, the authority had already indicated

no further increases before April 1, 1980, and Mr. Nicholas Edwards, the Secretary for Wales, said there was therefore no question of an order being made.

The commission's report says that the authority faced a difficult task when it took over a diverse group of water and sewerage undertakings in Wales five years ago, and accepts that the authority has made good progress in cutting capital expenditure costs and improving the level of service to customers.

It is distinctly critical of several aspects of the authority's operations.

Control of revenue budgets, it says, leaves something to be desired. A delay in implementing re-organisation after 1974 meant "the authority's management structure and control is not as efficient as it might have been."

It urges the authority to look at the possibility of reducing both white-collar and manual employees in a review of staffing levels planned for the end of this year.

Sir Keith's regional tour starts

By John Elliott, Industrial Editor

SIR KEITH JOSEPH, Industry Secretary, begins a tour of the regions with a visit tomorrow to Scotland, where he will meet industrialists and union leaders and will visit shipyards and factories.

Details have yet to be settled, but he may start at the former Upper Clyde Shipbuilders yard, now Govan Shipbuilders, one of the main "lame ducks" of the last Conservative Government.

Its future and that of other parts of British Shipbuilders have yet to be decided by Sir Keith. At the yard he is expected to meet management and union representatives.

Later he will meet leaders of the Scottish TUC, Confederation of British Industry and Strathclyde Regional Council. He will also visit the Scottish Development Agency.

Last month, Sir Keith announced that he would tour the regions before making important policy decisions on regional and industrial aid and on the future of the National Enterprise Board and the Scottish and Welsh Development Agencies.

Shoppers out in force to beat VAT increase

BY DAVID FREUD

SHOPPERS were out in force yesterday to beat the VAT increase which becomes effective on Monday. However, spending remained below the peak levels of the Christmas and sales periods.

The biggest rush was for drink and tobacco, where the VAT rate increases from 8 per cent to the new unified rate of 15 per cent.

Electrical goods continued to be in heavy demand, and there was some increase in sales of furniture and clothing, which had been relatively unaffected by the beat-the-budget activity over the last few weeks.

Victoria Wine, a subsidiary of Allied Breweries with 920 off-licences, said activity had picked up immediately after the Budget speech and that it had remained busy throughout yesterday.

The off-licence chain Augustus Barnett, with 180 branches, said trade had "increased phenomenally" since the Budget. The picture of heavy sales in drink was supported by Tesco and Harrods. Shoppers seemed to be going for expensive items, regardless of whether they were already at 12½ per cent or the lower 8 per cent rate.

Rumblings of the electrical appliance chain whose goods are mostly at the higher rate, said it was achieving record figures for the time of year, although demand was below the Christmas peak.

Clothes shops, where goods move up from 8 to 15 per cent

on Monday, reported only a moderate increase in sales. British Home Stores saw "a little uplift" yesterday and Marks and Spencer said the increase was "only marginal."

The big department stores said there was some evidence that shoppers were switching their attention from the electrical appliances which had seen most interest in the last week to furniture and expensive

clothing like suits. Selfridges said it was very busy, although spending was not as sales period levels. There was strong interest in clothing.

Debenhams said sales had been very good last week and a further improvement was expected this week. The emphasis yesterday was on electrical goods, furniture and textiles.

BL car dealers ready for last-minute sales rush

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MANY BL car dealers will take maximum advantage of any rush to the showrooms before increased value-added tax is put on prices on Monday.

Showroom stocks of Austin-Morris cars in particular are reasonable and dealers will stimulate last-minute purchases by advertising the savings to be made and by remaining open until late on Saturday evening. Promotions will mention, for example, that the Mini 850 will go up by £147 on Monday, the Allegro 1300 four-door saloon by £195 and the Princess 2200 HLS by £352.

Many other dealers, particularly those handling Ford cars, are short of stock in the showrooms because of supply difficulties and extraordinary demand throughout the past two months. They will thus benefit little from any surge in buying

at the weekend. Some car retailers reported a slight increase in private-buyer interest yesterday.

However, the UK new-car market is dominated by company purchases; at least six out of 10 new cars are bought by companies or partnerships that are not affected by the VAT increase.

The percentage of private buyers may be expected to drop further in the wake of the VAT rise, which, when coupled with manufacturers' price increases this month, have added 12 per cent to the cost of an average family saloon in the past four weeks and 20 per cent since the start of the year.

Because the company car market is so strong, analysts have not significantly revised their forecasts about the possible outcome for the full year.

Petrol increase 'will work out at 12p to 14p'

BY SUE CAMERON

INCREASES in petrol duty and value added tax will push up the price of a gallon of four-star by between 12p and 14p rather than the 10p mentioned in the Chancellor's Budget speech. Mr. Goldie Goldsmith, north-west regional chairman of the Motor Agent's Association, said yesterday.

The 7p-a-gallon increase in petrol duty and the 3p a gallon increase in VAT would add considerably to petrol station costs. He stressed that these higher costs would be passed on to motorists in addition to the basic 10p-a-gallon rise.

"The increase in duty and VAT will mean that garages will have to pay an extra £1,000 for every 10,000 gallons they buy in. This will have an adverse effect on their cash flow and it will mean many of them will have to borrow from their banks."

"Another point is that 1 per cent of the petrol they buy evaporates before they can sell it, yet the petrol stations will have paid duty on this already."

The increase in petrol duty came into force at midnight on Tuesday. The VAT increase does not begin until Monday. In the South-West the Trans-

port and General Workers' Union has started action against petrol stations which it considers to be profiteering.

It said similar action was likely to be taken by members in other areas.

The union said it was not trying to prevent petrol stations making a reasonable profit, but tanker-drivers had been asked to report cases of "blatant overcharging."

If necessary tanker drivers would black garages profiteering.

The TGWU said that a day before the Budget it had been told of a garage in Teign-

mouth, Devon, charging £1.19 a gallon of four-star, and that the union persuaded it to reduce to 99p a gallon.

The Motor Agents' Association said that some 60,000 pumps could not be adjusted to show prices of £1 or more. They would show half prices, and motorists would have to double the cost shown.

● A 50p fuel surcharge each way is to be imposed on certain Seaport hovercraft services from July 1. British Rail said it was because of oil price increases.

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Frank Johnson, Political Columnist



REACTIONS TO THE BUDGET

Brokers divided on chances of success

BY DAVID FREUD

VITAL reaction to the Budget among City stockbrokers was mixed. Most agreed that it presented a risky strategy in an inflationary context, but there was disagreement over whether it was likely to succeed.

Phillips and Drew argued that the inflation likely to be about 16 per cent for most of next year, the reintroduction of formal incomes policy was a risk in the balance for 1980.

More optimistic assessments came from Wood Mackenzie and Capel-Cure Myers. Wood Mackenzie said the policy offered a prospect of an economy in which the private sector could be expected to expand.

The switch in emphasis from a public sector was therefore justifiable risk. Capel-Cure Myers said it would certainly not wish to subscribe to a pessimistic view that a wage-cost spiral is likely.

While the inflationary content of the Budget was not as obvious as in the previous round, it detected a strong determination on the part of the Government to here to strict limits on money growth.

James Capel and Co. said it while the "cautious realist tone" of the Budget was encouraging, the immediate outlook for company profits, particularly in the retail goods sectors, had deteriorated further.

The medium-term threat remained our unrest, but beyond that the prospects should be standing.

According to Kemp-Gee and the Chancellor's measures not add up to any radical change in the general nature of the financial environment. It was a broadly neutral Budget, which meant no change in the modestly depressed

sing outlook for domestic activity.

The firm said monetarism in the financial markets would be disappointed by the lack of a firm commitment to reduce the target for monetary growth, and the new 7-11 per cent range "smacked more than a little of a faint heart."

Impact

Phillips and Drew argued that accelerating prices, combined with a deteriorating world economy, were likely to seriously undermine, if not totally engulf, policies aimed at maintaining firm monetary control through either a transfer of resources from the public to the private sector or in a shift from direct to indirect tax.

The overall deflationary impact of the Budget would depress GDP growth by 2 per cent over the next 12 months and probably boost the number of unemployed by 100,000.

"It is extremely unlikely in the short-term, or even the long-term, that the policy mix will create sufficient incentives to offset significantly the aggregate adverse effect on domestic demand. Indeed, in so far as the shift from direct to indirect tax encourages saving and discourages spending, the short-term curtailment of activity will be intensified," said the firm.

The trends in company profits and liquidity were not likely to provide much encouragement for the market, it said.

On the basis of 15 per cent growth in earnings over the 1979-80 round and no deterioration of industrial relations, profits were forecast to grow by 10 per cent in 1979 and 1980. This meant the corporate borrowing requirement would

sweeping as this makes it difficult to assess the ultimate outcome. Moreover, there are several gaps, most notably the delay in ending the damage caused by taxes on capital which bear so heavily on the private business sector.

Similarly, the increase in the Minimum Lending Rate to 14 per cent can only hinder any early expansion in business activity and we hope it is of a temporary nature only.

Little encouragement for small businesses

BY JAMES McDONALD

THE NET result of the Budget was that it was orientated towards production in existing firms but added little to the encouragement of risk-taking and wealth creation in the highly personal small business sector. This is the view of Brian Kingham, chairman of the Association of Independent Businesses which represents 25,000 smaller businesses.

Any Budget so broad-

Rates warning 'threatens council independence'

BY MAURICE SAMUELSON

MICHAEL HESELTINE'S warning to local government not to raise rates to offset grant cuts was a "threat to the independence of local authorities," Raymond Lacey, president of the Chartered Institute of Public Finance and Accountancy, said yesterday.

He was commenting on a warning by the Environment Secretary that selective action might be taken against councils which passed on the grants cuts to ratepayers.

"Any attempt to control the budgets of individual authorities will certainly weaken Government control or influence on total local authority expenditure," Mr. Lacey told the institute's annual conference in Eastbourne.

He also called for greater opportunities for accountants to reach the highest jobs in the civil service and added: "They need to be seen as people who can make a broad contribution at all levels of administration."

Woollen industry expects quick trade stimulus

THE BUDGET promised a quick stimulus for the woollen industry, said Mr. Tony Gould, chairman of the International Wool Secretariat, yesterday.

He said: "The Budget has considerable implications for both manufacturers of furnishings and for Woolmark users."

"The full benefits of the cuts in direct taxation will be enjoyed this autumn and although some of the extra disposable income will be swallowed up in higher VAT prices, there will, on the whole, be more money in the economy."

"It is, indeed, fortuitous that it should coincide with a

time when the public at large is raising its standards. This has been reflected in increasing price structures for all types of textiles, and there has been a marked return to quality merchandise and natural products.

"Cotton, leather and wool, as well as pure new wool, have benefited from this fundamental change in consumer attitudes."

"And if proof were needed to add to personal observations it could be found in the consumption of wool over the counter in 1978, which was 15 per cent higher than in 1977. Moreover, all the latest indications suggest that this trend is continuing, and thanks to the Budget 1979 will be an even better year."

meat plants. MIES helps to protect about 4,000 jobs, and has cost about £40m in the past year. The Government's cuts are: Manpower Services, £11m; Commerce, £10.5m; Environment, £7.7m; Health and Social Services, £2.3m; Education, £2.1m; Agriculture, £500,000; Civil Service, £500,000; and the Department of Finance, £400,000.

About £10m of the Department of Commerce cuts will be achieved by delaying for four months the payment of capital grants to industry, which are applicable to all of Britain. About £7.5m will be saved by Manpower Services by discontinuing the selective employment premium from July 31.

State steel group forms consultancy

By Hazel Duffy, Industrial Correspondent

A CONSULTANCY group to carry out design audits on new and existing plant has been set up by the British Steel Corporation. It believes that this is the first time such a group has been formed in the UK on a commercial basis.

The group will use teams of engineers who will ensure that plant is operating at peak efficiency.

Their methods have been used in the Corporation for the past five years, and the aim now is to market the skills more widely.

Any type of plant will be eligible and the group expects to win business worldwide. It is aiming for an initial turnover of £500,000.

The group has been formed jointly by the unit inspection company, part of BSC tubes division, and engineers from the Corporation's engineering centre. It will be based at Kingston-upon-Thames.

The team will conceive and develop new plant where necessary. Its work will complement the advisory role of new steel plants performed by BSC overseas division. The audit group studying designs for cost-effectiveness before the plants are built.

However, the Government is going to exploit to the full the normal honeymoon period it can expect in the immediate aftermath of an election. It is also helped by the relatively favourable and in unemployment over the last year."

Hoare Govett described the Budget as "a bold and brave package." International reaction was likely to be favourable and the pound should respond well in the immediate future, it said.

London transport fares 'up again in September'

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

FARES ON London's buses and underground trains will have to be increased by at least 12 per cent in September, according to Mr. Horace Cutler, leader of the Greater London Council.

That would mean a rise over the whole year of almost 20 per cent, since fares are to go up by 7.5 per cent on Sunday, the day before underground workers plan to strike over a pay dispute.

Mr. Cutler said that the second round of fare increases would be necessary on the basis of the 14 per cent pay

increases likely to result from a settlement earlier this year with the capital's bus workers. Assuming that underground workers reach a similar settlement an extra 12 to 13 per cent would be needed in September from fares.

Underground workers are threatening to strike in support of their claim of an increase higher than that awarded to busmen. The busmen's deal involved a 9.8 per cent basic increase, with a possibility of a further 4.5 per cent for higher productivity.

London Transport is expected to present details of a proposal in the next few days for a September round of fare increases.

With the squeeze on rate-support grant announced in Tuesday's Budget, the council has been left with less room than usual to manoeuvre on its transport budget.

As policy, the council is gradually reducing operating subsidies to London Transport while increasing the sums spent on capital projects.

Laws 'inadequate' for lotteries

BY TIM DICKSON

EXISTING LEGISLATION is proving inadequate to deal with the growth of lotteries, the Gaming Board for Great Britain said in its annual report, published yesterday.

The board is increasingly concerned that no provision is made in the Lotteries and Amusements Act, 1976, under which the activities of professional agents can be directly controlled.

"In order to obtain the

maximum return, some agents have tried to run all the lotteries as one operation and to concentrate on their own brand name, rather than on the fact that any particular lottery was promoted by a particular society or local authority."

A further consequence of the intervention of agents, the board says, is the development of standard contracts with promoters that have led in some cases to agents' taking

a higher percentage of the proceeds than legally permitted.

Lotteries have become more competitive and individual operations have found increasing difficulty in selling all their tickets. That has led to many lottery accounts' complaining the permitted level for prizes or expenses.

Report Of The Gaming Board For Great Britain, 1978 (House of Commons Paper II, Stationery Office: £1).

Widen share plans, says Shawcross

By Christine Meir

IT IS WRONG to encourage employees to invest all their eggs in one basket—their wages and their savings—if they work in weak industries, Lord Shawcross told the Wider Share Ownership Council, of which he is chairman, yesterday.

He said that present employee share schemes applied only to shares in employees' own companies.

He would like to see such schemes broadened to include investment clubs in which the employer would deposit a profits bonus on behalf of the employees, to be reinvested in a spread of industrial equities or unit trusts.

The main point of employee share schemes was to encourage workers to hold the shares as savings or capital and not to sell them.

In a pre-Budget address to the CBI in Sheffield Mr. Nicholas Goodison, chairman of the Stock Exchange, had also called for a greater sense of partnership between owners and employees.

Continuing evolution of the limited company as an entity would mean more profit-sharing, participation and consultation.

"I have often wondered whether the Stock Exchange should help by asking companies as part of the listing agreement to disclose the means by which they consult their employees," he said.

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Roger Leadbeter, Chief Executive, Borough of Blaenau Gwent, Municipal Offices, Civic Centre, Ebbw Vale, Gwent, NP23 6XB. Tel: Ebbw Vale 303401.

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UK NEWS

BY JOHN LLOYD

THE POST OFFICE, which the Government is considering dividing into two autonomous corporations, will declare a profit next month for the financial year 1978-79 of between £380m and £370m. This is very close to the previous year's figure.

Sales, however, are up substantially on the previous year's figure of £4.1bn, and thus the profit percentage will be down. The two main businesses, posts and telecommunications, are expected to show roughly the same surpluses as in 1977-1978, with £40m for posts and £32.5m for telecommunications.

The Government was in favour of a split in the businesses while in opposition. It will require legislation, which is likely to be introduced early next year.

The form of the two new corporations has still to be decided.

but two of the existing three businesses—posts and National Giro—would probably become one body, still called the Post Office. Telecommunications would become a separate body, and would possibly be known as the British Telecommunications Corporation.

The Post Office has already been consulted on its views, and believes that a split would make both businesses more efficient.

The Government is now consulting the corporation's unions and the Post Office Users' National Council. The only large body which remains opposed to a split is the Union of Post Office Workers.

Mr. Tom Jackson, general secretary of the UPW, said: "It would be bad for the nation at large if the corporation were split. The nation deserves a unified message-carrying service."

Mr. Jackson is to see Sir Keith Joseph, the Industry Secretary, next week, when it is thought the subject of the split will be discussed.

Much more controversial are plans to introduce an element of private ownership into the telecommunications network. This is a scheme for which Sir Keith expressed favour while in opposition, and which is also being discussed.

The corporation's top management is not yet convinced of the arguments for the de-monopolisation of the network, or any part of it, but studies of the possible effects are now being conducted.

It argues that the network is an integral system, and that no part of it could be hived off completely, and put on the private market.

Any element of private ownership would thus entail

holding shares in the corporation as a whole, but it is assumed that the Government would wish to retain some stake.

While in opposition, Sir Keith also mooted the creation of an open market for telecommunications equipment like handsets, telex machines and office switchboards. But the corporation believes that the scheme would present large maintenance difficulties.

The Post Office management, however, is unlikely to have any dogmatic objections to such a move, and would submit it to the test of the best service to the customer.

Strong objections would be voiced by the Post Office Engineering Union, which regards the idea as a threat to its members' jobs, and one which would harm subscribers' interests.

Yorkshire probe for oil and gas

By Sue Cameron

CANDECCA RESOURCES, a UK onshore exploration and production company, is planning to look for oil and gas in Northern England and Scotland in conjunction with a consortium led by Taylor Woodrow Energy.

The planned joint venture, which will have to be approved by the Department of Energy, will involve a two-year programme of exploratory drilling and appraisal in the Yorkshire Moors area, central Yorkshire, Humberside and the Scottish midlands valley.

The other members of the consortium are RTZ, Oil and Gas, James Finlay and the North West Mining Group of Australia.

Candecca has reached an agreement in principle with the consortium on the joint venture, but the deal has yet to be finalised.

Candecca, which is 49 per cent owned by the Canadian-based Sceptre Resources, holds exploration and production licences on 2m acres of UK land. Last year, it raised £2.49m through a rights issue in order to evaluate its discoveries and continue its onshore exploration.

Maintenance plan may clear Europe's DC-10s

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRLINES IN Europe flying DC-10s are to meet in Zurich tomorrow to discuss new inspection procedures, which they hope, will lead to an early resumption of flights by their aircraft.

The DC-10s were grounded more than a week ago by the U.S. Federal Aviation Administration because of cracks in engine-wing mounting assemblies.

Since then, the 41 operators worldwide have been inspecting their total of 277 DC-10s to satisfy themselves and the FAA that their aircraft are safe.

At a meeting in Strasbourg this week, the 13-nation European Civil Aviation Conference agreed that a new code of DC-10 inspection and maintenance should be drawn up which it is hoped, will encourage the FAA to lift its ban, at least insofar as it applies to Europe.

British Caledonian, Swissair and Alitalia are jointly working out the procedures, to be submitted for approval to Friday's

meeting of all European DC-10 operators and their airworthiness authorities.

If the new code is approved, it will be submitted to another meeting, also in Zurich, next Monday, to which the FAA will be invited, as will McDonnell Douglas, the DC-10's builder.

At that meeting it is hoped that the FAA will approve the European airlines' action as being adequate to meet its own requirements for more intensive checks on DC-10s.

If so, the way would be clear for European Governments to authorise DC-10 flights by their airlines.

Theoretically, the European governments would be free to allow their airlines to fly DC-10s again from tomorrow, if the new procedures are approved, because they are not legally bound by FAA decisions.

In practice, however, the Governments need FAA approval because many of their airlines fly DC-10s to U.S. cities, where FAA instructions apply.

The European Civil Aviation Conference is careful, therefore, to emphasise that even next Monday's meeting is not necessarily the final step in getting the DC-10s airborne again.

The FAA itself may not want to move quickly. It is under intense and even hostile Congressional and consumer pressures in the U.S., where feeling is strong against the DC-10.

It will therefore probably want to study the European plan carefully and discuss it with other interested bodies such as the U.S. National Transportation Safety Board.

It may be at least another week, therefore, before the DC-10s are flying again.

Even then, it may only be a conditional resumption of services, with more frequent inspections than hitherto, and perhaps initially with only the later versions such as the Series 30s being allowed to fly now, with older models grounded for longer.

'Investment confidence brings Highlands boom'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE HIGHLANDS of Scotland are beginning a development boom with investment confidence growing. Sir Kenneth Alexander, Highlands and Islands Development Board chairman, said yesterday.

The demand for factory space or the number of pending applications for financial assistance last year had been a considerable success for the Board in terms of the number of new jobs.

Sir Kenneth was introducing the Board's thirteenth annual report. He said that it had provided a record £13.2m in grants, equity and loans in 1978. This had been accompanied by private investment of £23m in new industrial and agricultural projects.

"We estimate that the number of new jobs created or made secure in 1978 is about 2,000, a very substantial figure when measured against total employment of 110,000."

"But our achievement has

been no cause for self-satisfaction. The many communities still lack a reasonable range of employment opportunities, measured both in choice of jobs and attainable levels of earnings."

"In a few cases problems have become more serious, and our efforts have proved inadequate to turn the tide of rising unemployment."

Sir Kenneth said the rise in petrol prices, affecting tourism and transport costs, and the higher interest rates might cause a temporary hiccup in Highlands development, but should not affect the longer-term trend.

"The fact that here in the Highlands we are moving from one type of economy to a rather more sophisticated and developed one marks us out from the rest of the country."

"The attraction we have to offer is a relative one, and the Board is able to offer lower rates of interest than other parts of the country."

Short Brothers announces new aircraft range

SHORT BROTHERS, the Belfast-based aerospace company, announced yesterday that it plans to develop a new range of commuter aircraft to enter service in the mid 1980s.

Mr. Philip Foreman, managing director, said studies were being made covering a range of aircraft in the 30 to 50 seat category.

These would be a logical progression from the company's present successful 330, Comuterliner, of which 43 have been sold. The two latest orders—for Air North of Vermont in the U.S.—were announced yesterday.

Mr. Foreman said worldwide market surveys were under way with particular emphasis on the North American market. It was already clear that the next generation of commuter aircraft would have to be extremely economical and fuel efficient.

A new aircraft range is essential to enable Shorts to maintain its 6,200 strong labour force. The Government has sunk about £50m in the company for a five-year capital re-equipment programme.

Radio contract for Tay Sound

THE INDEPENDENT Broadcasting Authority is to offer the independent local radio a contract for the Dundee and Perth area to Tay Sound Broadcasting, subject to agreement on some details.

The IBA will announce the full composition next year.

Silkin exposes EEC loopholes

BY CHRISTOPHER PARKES

A CHARGE that food traders are profiting by at least £1bn a year from the weaknesses of the European Community's farm agricultural policy, will be made by Mr. John Silkin, former Minister of Agriculture, in a Thames Television programme tonight.

Some of the profits come from illegal activities like fraud and smuggling, but the bulk is made by astute traders who exploit legal loopholes.

His views are supported by Mr. Brian Gardner, a journalist billed as an independent analyst, who says that more than £100m a year goes in simple "fiddles" while about a quarter of the £3bn to £4bn paid by the EEC to the trade in subsidies and export aids, is soaked up in "exploitative" trading which has absolutely nothing to do with the supply of food.

The figures contrast sharply with the official estimates of the European Commission which put losses through fraud at about £2m a year.

The programme, in the TV Eye series, goes further than most analyses of the issue in providing film of the fiddles being worked and the loopholes being exploited.

The rice-growth for example, which costs the EEC about £20,000 in lost import taxes on each shipment, involves rice bound for West Germany. It is landed in Britain, and the low-rate of import tax here is levied according to the book.

The grain is loaded from a ship into a lorry as a UK import, switched to another lorry where it is transformed into a UK export, and then returned to the ship which then sails for West Germany where it is landed tax-free.

Perfectly legal, this operation is estimated to cost the Community about £2m in lost levies last year alone.

Estimated

The programme also tracks the progress of shipment of butter sold to the USSR at 28p a pound in 1974 when the EEC price was 65p. Almost 7,000 tonnes of the butter found its way back to Rotterdam and arrived eventually under cover of forged papers in Como, Italy, where, somewhat travel-worn, it was sold for 60p a pound.

This fraud cost an estimated £6.5m, and since the Italian Government has been reluctant to disclose how it was worked, the commission is applying pressure through the European Court.

The Commission has also taken into its own hands the question of the true number of olive trees in Italy. It is estimated that subsidies of £20m a year are paid on trees which do not exist.

Now a five-year project at the Euratom centre in Ispra, Northern Italy, costing about £20m, aims to undertake a census by aerial photography.

Pig smuggling across the Irish border with the North, in which farmers can earn £7 a pig on each trip, is also covered in detail.

To the tune of the European anthem, Beethoven's Ode to Joy, grimy porkers are shown picking their way across a river frontier to the richer pastures of the republic.

Hilton to build Gatwick hotel

THE BRITISH AIRPORTS Authority announced yesterday that Hilton International had been selected to build and operate a hotel, the Gatwick Hilton, at Gatwick.

The hotel will be linked by a covered walkway to the passenger terminal, enabling guests to go to it from the plane under cover all the way.

Private hospital wins battle

THE WELLINGTON Hospital in North London, where charges start at £130-a-day, extending treatment today won its hard-fought battle to expand.

In spite of objections that the multi-million pound scheme for a 102-bed extension would lure nurses away from nearby NHS hospitals, the Health Services Board gave its approval.

No reason has been given yet, but the board has to be satisfied

that a private scheme will harm the NHS before it can turn down an application.

The Wellington, in St. John's Wood, which lists Elizabeth Taylor and King Khalid of Saudi Arabia among its patients, is within a three-mile radius of some of London's major hospitals.

But its administrators have strongly denied it will poach NHS-trained staff.

MICHAEL STRUTT REPORTS ON THE INTERNATIONAL CYCLE SHOW

Prospects bright for pedal power

ALTHOUGH value-added tax is to go up, there was no doubting the underlying air of optimism at the International Cycle Show, which opened at Harrogate, North Yorkshire, yesterday and runs until Sunday. It is bolstered by the British Cycling Bureau's topical campaign: Pedals Not Petrol.

The 120 exhibitors, showing products from 18 countries, offer new departures among their variety of new models and accessories, that suggest that the bicycle has a rosy future for manufacturers as much as for riders. Home sales of 1.1m last year, up from 914,000 in 1977, confirm the trend.

Change is signalled in new shapes, materials and specifications (plastic wheels, for example) but luckily not always at "new" prices. Raleigh, for instance, has launched a 12-speed sports machine selling for about £115. Until recently,

only expensive racing machines had 12 speeds.

Soon, Steyr-Daimler-Puch's light aluminium sports cycle, the Aluton, should be available. It weighs 19 lb and will cost slightly more than £400.

Tandems, although expensive at £250 and upwards, are lighter and stronger, thanks to developments and updated components. Holdsworth, famous for its racing machines, is showing a prototype quality Claude Butler tandem frame for his-and-hers weekend touring—or racing—if you can find almost £1,000 for the complete machine.

The bicycle can be a work-horse, too. A. R. Pashley is showing a new rear-loading tricycle for transporting goods on level sites such as factory floors. It can carry up to 200 kilos, about 450 lb, on its rear carrier.

Mr. Richard Pashley, the company's chief, says that his tricycles are being used by

companies such as British Airways and British Leyland and several large stores to transport goods from one part of a factory complex to another.

This model, the Middleweight, is claimed to be the first purpose-built rear-loading work tricycle. It costs £180.

"Youngsters" machines figure prominently in the catalogues. Increasingly, they are purpose-built, among them motor-cycle style bikes with spring suspension and aluminium wheels. And if pedalling is too much effort, Harrogate is showing a range of cheerful Italian-made, 12-volt battery-powered pavement cycles capable of 7 to 8 mph.

Sturtevant-Archer's five-speed hub special alloy components, better weather-brake blocks (by Fuchs), bottom-shaped saddles and a quickly detachable child seat from Denmark are among new parts that are gradually making cycling more convenient. They will not, however, shield riders from weather

or protect them from today's appalling city traffic.

That is why Friends of the Earth are an important presence and doubly welcome at the show. Their skilled and persistent campaigning for more cycleways and the facilities makes them the allies that cyclists and cycle-makers have ever had.

Nostalgia for the days when cycling was safer is provided by "new" £120 models from Peugeot of France, mini ladies' machines reminiscent of the traditional cycles of the 1920s. Painted chocolate, the have chain cases and sideguards and would not look out of place in a North Devon Show.

If you want to go shopping, a Raleigh Replica is the answer. These copies of penny-farthings and other models of the era before the war were common—are imported from California to sell at about £400.

البنك السعودي

AL SAUDI BANQUE

Chairman's Letter

To our Shareholders.

Last year I was glad to report to you about your bank's success during the first year of its existence in building up its balance sheet and establishing its good name in the Arab and International financial circles.

During its second year, your Bank concentrated on consolidating earlier gains while moving forward with expanding its activity as reflected by the remarkable growth in its assets and profits.

1. Total assets increased from FF 693 million at the end of the first fiscal year (18 months), to FF 1,704 million, representing an increase of 145%, i.e. a monthly average rate of growth of 12%.
2. At the same time the structure of our balance sheet has improved as follows:
Capital was raised in line with the growth of assets from FF 50 million to FF 100 million. Furthermore I am pleased to inform you that your Board of Directors met in Riyadh on 27th February 1979 and have recommended to the general meeting of the Shareholders a further capital increase to FF 200 million. A first portion representing 25% of the new capital is to be called in June. The latest capital increase reflects our policy of maintaining an adequate ratio of capital to assets. During the year we continued to adhere to our policy of assuring the fund of the greater part of our loan portfolio from clients' deposits and capital sources. This necessitated strong efforts to develop our clients' deposits base in pace with the development of our lending activity.

We have at the same time become increasingly active in the international money market resulting from the strengthening of our relations with the large Arab and international banks in this field.

3. Gross profit after depreciation amounted to FF 10,388,019. After transferring FF 1,244,073 to reserves, profits before tax amounted to FF 9,044,946 and net profits after tax and extraordinary charges were FF 3,802,526. The Board recommends that this sum be fully transferred to the reserves and retained earnings account.

During the next year we shall aim at achieving the following goals:

- * Realise a steady and co-ordinated growth of deposits, credit and capital resources.
- * Stress the development of our deposits base and particularly stable deposits, through the constant improvement of our banking services and the strengthening of our ties with Arab central and commercial banks.
- * Increase our dealings with international banks in the money market area.
- * Concentrate our lending activity on short term credits and adopt greater selectivity with respect to medium and long term loans.
- * Give priority to the opening of a branch in London, and continue to assist present branches and affiliated institutions, while continuing to explore the possibilities of further future geographic expansion.
- * Consolidate and reinforce the Bank's internal organizational structure so as to allow it to meet the above objectives and challenges.

BALANCE SHEET (in French Francs)

	December 31 1978	1977
ASSETS		
Cash and due from banks	987,422,000	293,831,000
Trading account securities	35,574,000	15,202,000
Loans and bills discounted	553,227,000	341,153,000
Sundry debtors	102,510,000	34,094,000
Investments	18,123,000	5,831,000
Fixed and other assets less accumulated depreciation and amortisation	5,918,000	2,926,000
Total Assets	1,703,774,000	693,157,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Demand deposits	180,805,000	65,810,000
Time deposits	1,308,256,000	474,402,000
Total deposits	1,489,061,000	540,212,000
Sundry creditors	79,733,000	47,805,000
Accrued liabilities	24,457,000	26,521,000
Total liabilities	1,593,251,000	614,538,000
Stockholders' equity		
Capital stock, FF 1,000 nominal value; subscribed and paid up 100,000 shares	100,000,000	75,000,000
Legal reserve	81,000	—
Retained earnings	5,440,000	1,618,000
Total stockholders' equity	105,521,000	76,613,000
Total liabilities and stockholders' equity	1,703,774,000	693,157,000

CONTRA ACCOUNTS		
Documentary credits	169,629,000	90,311,000
Guarantees issued	411,107,000	265,658,000
Collateral received	162,555,000	82,199,000
Foreign exchange contracts	266,117,000	48,312,000

STATEMENT OF INCOME AND RETAINED EARNINGS (in French Francs)

	Year ended December 31 1978	16 months ending December 31 1977
OPERATING INCOME		
Interest	\$3,392,000	\$1,831,000
Fees and commissions	12,115,000	8,387,000
Total income	95,900,000	40,218,000
OPERATING EXPENSES		
Interest charges	62,764,000	19,742,000
General and administrative expenses	20,893,000	12,294,000
Other expenses	735,000	1,283,000
Depreciation and amortisation	2,072,000	2,378,000
Total expenses	86,464,000	35,542,000
Income before income tax	9,436,000	3,676,000
Income tax provision	5,142,000	2,058,000
Net income	3,905,000	1,618,000
Retained earnings at beginning of the period	1,618,000	—
Transfer to legal reserve	81,000	—
Retained earnings at the end of the period	5,440,000	1,618,000

Chemical workers seek at least 20%

By Nick Garnett, Labour Staff

HEMICAL industry employers in the light of the Budget and the recent top salary

are being prepared to pay rises of at least 20 per cent in the next round, unions said yesterday.

Chemical companies and use in related industries, including oil refining, will see the ruling as an attempt to raise the going rate established by

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Decca unions seek meeting

DECCA trade unions are seeking the company for a national-level meeting between senior union officials and company directors over a wage increase this year.

Civil servants plan strike

BY PHILIP BASSETT, LABOUR STAFF

PROFESSIONAL CIVIL servants were instructed to strike on Friday week and to call further selective strikes after that in support of their pay claims.

The executive of the traditionally moderate Institution of Professional Civil Servants, which represents 100,000 mainly specialist staff, decided to instruct members to ban overtime and travel outside normal hours and use of private cars on official business, and to withdraw goodwill including participation in productivity agreements.

Staff in the one-day stoppage on June 22 will include air traffic control, intelligence and fingerprint officers and inspectors of nuclear installations, explosives, accidents and dangerous drugs.

Details of the selective strikes, expected to last for a week in each chosen area, will be announced next week.

They are likely to include marine engineers in Government dockyards, Royal Mint staff, Home Office analysts of drink-driving blood samples, and Stationery Office supervisors.

Regional reports show strong support for action from union members.

The dispute is over pay of two groups: about 40,000 professional and technical staff, mainly engineers, and 10,000 whose pay is linked to theirs; and about 20,000 Government scientists.

Mr. Bill McCall, the union general secretary, said that the offer to the professional and technical grades was an

"insult." The union is pressing for increases of 36-47 per cent, with pay scales based on the upper quartile of the evidence from the Pay Research Unit comparability studies.

The Civil Service Department, which has offered increases of 18-24.1 per cent, says that the scales should be based on the research unit's medians.

Administration grade principals won increases this year of 30.3-34.6 per cent, for example. For roughly equivalent principal professional and technical officers, now on £7,448-£8,728, the union claims new rates based on comparability reports of £10,675-£12,675, or increases of 43.32-45.2 per cent.

The offer would give new rates of £9,250-£10,700, increases of 24.1-32.57 per cent.

The Department insists that scientists' pay, to be included in any Pay Research Unit comparability study for 1980, should not be linked this year to the administration grade settlement, which gives average rises by January of 25 per cent. Some Department officials privately admit that the insistence is without real foundation.

Union officials from the Society of Civil and Public Servants and the First Division Association met Mr. Paul Channon, Civil Service Minister, yesterday over the pay of some senior civil servants.

The unions have rejected an offer "considerably below" the unit's rises for the grades, which if fully implemented would take assistant secretaries from £12,273 to about £18,700 and senior principals from £10,809 to about £15,000.

Miners pledge to fight for early Government defeat

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MR MICK MCGAHEY, Scottish miners' leader, said yesterday that the miners would create conditions to defeat Mrs. Thatcher's Government, before a general election in 1984.

In his presidential address to the Scottish area conference of the National Union of Mineworkers, he said that the union was critical of Labour's performance in office, but would continue to fight for the return of a Labour government as soon as possible.

He attacked the Conservative Party for its class bias, for acting solely in the interests of rent, interest and profit, and for its proposal to limit trade union rights.

The question before the labour and trade union movement was how to organise and fight back. It was not a question of whether the unions should talk to a Tory government, but what should be said.

The TUC should mobilise the union movement to make it clear to the Government that it would not tolerate threats to trade union rights.

"We shall have no interference in the rights that we have secured over generations of struggle. This is not to challenge Parliament, as they put it, but in fact is to inform Parliament that we are determined not only to defend our position, but to advance the interests of

the working people and the trade unionists we represent." This year's miners' conference should press forward with wage demands and insist on a four-day week without loss of earnings, improved pensions and sick benefits. These should form the basis of a miners' charter around which the union could mobilise its members.

Mr. McGahey called for increased output and an end to unofficial walk-outs, which were a bar to improved productivity. "I am convinced that given the willing co-operation of all in the industry, we can meet our production targets."

He warned that concentrating on the productivity incentive scheme as a factor contributing to accidents like those in Bentley and Colliery collieries diverted attention from other possible causes, not least the miners' failure to apply proper safety standards.

Britain's biggest white collar union, the National and Local Government Officers' Association, yesterday laid the foundation of a more effective strike policy in anticipation of trouble ahead.

Delegates at NALGO's annual conference in Blackpool saw the Budget as a threat to jobs and the standard of public services. They instructed their executive to prepare a white paper for next year's conference aimed at streamlining dispute procedures.

Manpower Commission's future to be discussed

BY OUR NEWCASTLE CORRESPONDENT

THE LONG-TERM future of the Manpower Services Commission, whose annual budget has been cut by £110m to about £730m, is to be discussed with the Government within a week.

Mr. Richard O'Brien, chairman of the commission said in Newcastle-upon-Tyne yesterday, that offices throughout the country would be asked for their views before the meeting with Mr. James Prior.

He said: "I can give an assurance that the development of Manpower Services and its essential priorities will continue. While we will have to look very carefully at how to handle these

cuts, the essential thrust of our programme continues."

Mr. O'Brien said there would be a reduction in the training opportunities scheme, particularly in the second half of the year, and that these would affect mainly the commercial clerical training sectors.

The biggest cut, of £8.2m, will be in the special temporary employment programme which will now be concentrated in areas of greatest need.

About £25.2m will be cut from the youth opportunities programme and another £22m from the training opportunities scheme.

Injunction halts union election

By Nick Garnett, Labour Staff

COMPLETION OF the election for the assistant general secretary of the country's biggest construction union could be delayed until early next year unless a High Court action is heard within the next few months.

Mr. Ivor Jordan, eastern regional secretary of the Union of Construction, Allied Trades and Technicians was granted a High Court injunction last month halting the election pending a full court hearing.

No date has yet been fixed. This followed a decision by the union's executive to rule out Mr. Jordan's nomination for the post after he had declined to give a commitment that he would live in London.

The executive's decision apparently revolved around a clause in the union's rule book relating to expenses involved in transferring to London after election as well as a separate executive decision that the new officer should live in the capital.

The relative clarity of the rule will be challenged in court. Mr. Les Wood, the former assistant general secretary, became general secretary following the death last November of Sir George Smith. Mr. Albert Williams, an executive member, is acting assistant general secretary.

Original nominations were Mr. Jordan, 51, who lives in Cambridge, and has been supported by the Left; Mr. Len Easton, London regional secretary, supported by the Right; Mr. Jimmy Hardman, executive member and Mr. Tom Graves, a national official. Under UCATT election rules, if no candidate receives more than 30 per cent of the votes, a second round of elections must be held.

Action call on pit closure

BACKING for industrial action against the planned closure of Deep Duffryn colliery, South Wales, is to be sought by South Wales miners' leaders at the NUM's national executive meeting in London today.

Mr. Emyln Williams, the South Wales miners' president, is to seek permission of the executive for a coalfield ballot of South Wales's 30,000 miners

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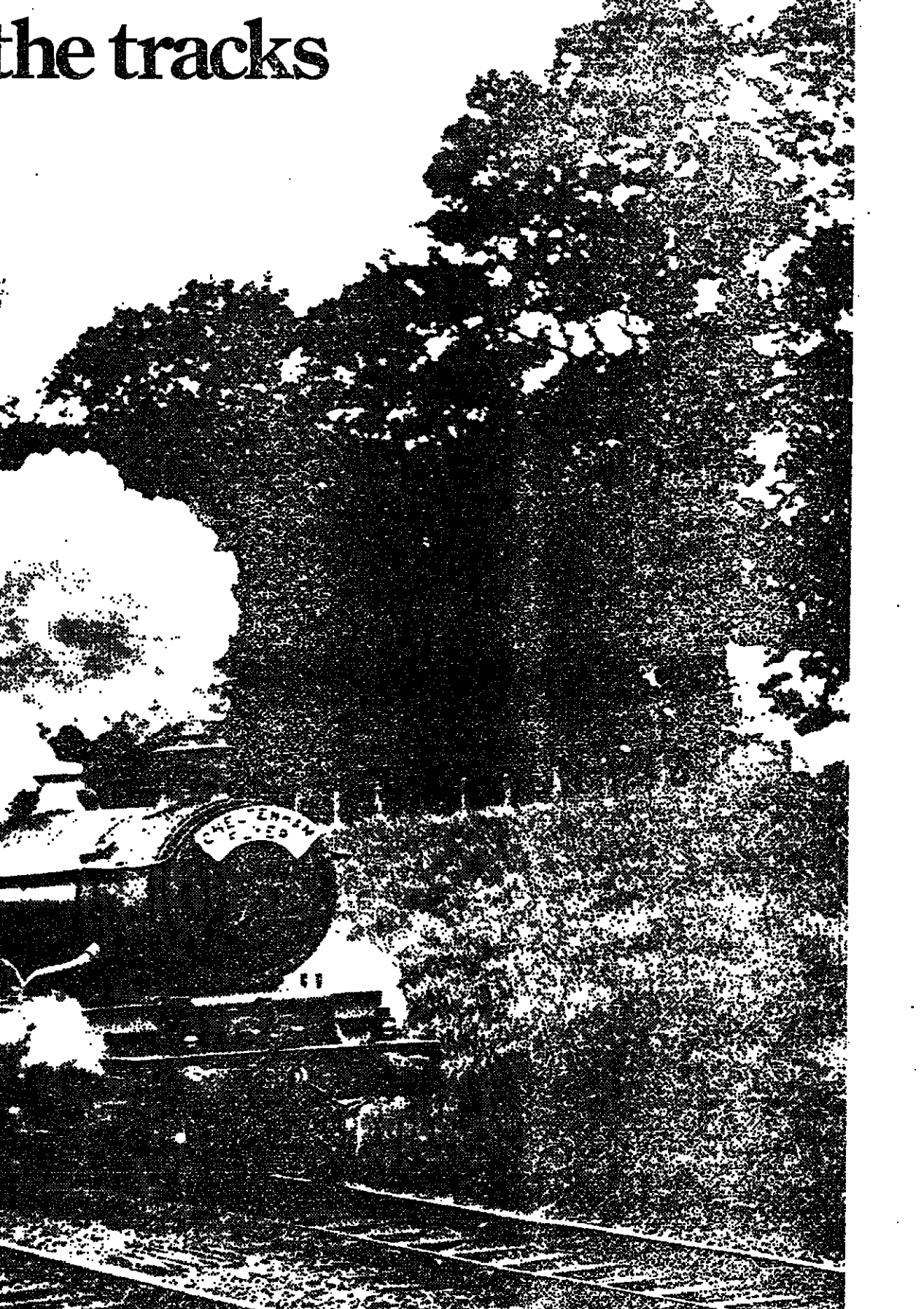
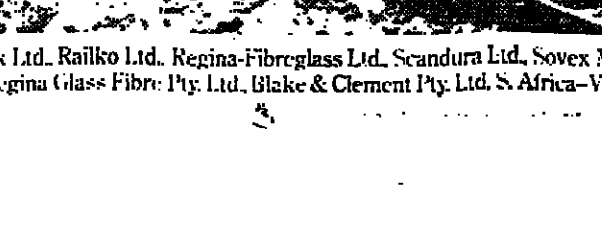
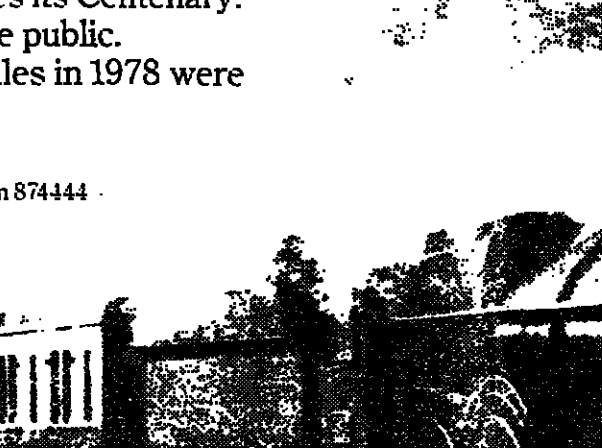
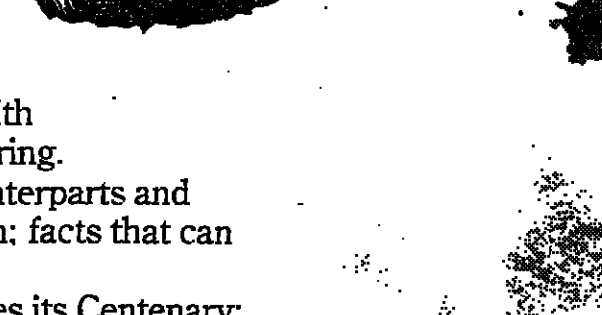
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UK NEWS—PARLIAMENT and POLITICS

Healey condemns 'outrageous' Howe Budget

BY IVOR OWEN

DOUBTS ABOUT the Government's intentions over the imposition of a pay freeze will add to the pressures generated by the Budget for high wage settlements, Mr. Denis Healey, the former Labour Chancellor, warned in the Commons last night.

He seized on an earlier admission by Mr. Patrick Jenkin, the Social Services Secretary, that the Government expects the year on year rate of inflation to reach 17.5 per cent by November to highlight the dangers ahead.

Mr. Healey claimed that the measures introduced in the Budget would be directly responsible for adding 3 per cent to the rate of inflation which, he said, would be rising at three-quarters of 1 per cent a month this winter, long after the tax cuts announced on Tuesday had made their impact.

He envisaged "a winter of discontent which will dwarf in its disastrous effects on the economy and on society anything we have seen in this country in the past."

Mr. Healey argued that the "vague" talk by the Prime Minister about a pay freeze could only have the effect of encouraging all groups of workers to get the highest possible pay increase they could squeeze out of their employers as quickly as they possibly could.

If a pay freeze were to be imposed, he stressed the Government would then have to face the problem of how to emerge from it without a wages explosion.

Mr. Healey questioned the apparent confidence of Sir Geoffrey Howe, the Chancellor of the Exchequer, in facing this situation.

He suggested that if it were based on the belief that monetary policy could determine wage levels he was showing the "blind religious fanaticism of an Iranian ayatollah or Sir Keith Joseph, the Industry Secretary."

When Mr. David Crouch (C. Canterbury) asked Mr. Healey to consider whether his own speech might encourage excessive wage claims, the former Chancellor reaffirmed his belief



Budget reaction: Last chance for shoppers seeking lower VAT prices

that increases in earnings not linked with increases in productivity could only generate inflation and would not improve living standards.

But the Government of the country had to take its own responsibility to the working people of the country seriously. It could not expect wage re-

straint if it showed no resolute whatever itself.

Mr. Healey protested that in the course of ten minutes in his budget speech, the Chan-

cellor had thrown away the results of five years of painful work by the former Labour Government in bringing down the rate of inflation.

"The Chancellor has no right to preach about the senselessness of higher wage increases when, by his own action, he is increasing prices by 5 per cent at a stroke and proceeding with commitments involving provocative pay increases for those with the highest salaries in the country."

Mr. Healey admitted that the Budget would have been a difficult one, whichever Government had been in office.

But the main economic effect of the measures which Sir Geoffrey had chosen to introduce must be to produce a massive increase in both prices and unemployment.

He accused Sir Geoffrey of having made all his problems far more difficult by a reckless and insensitive dedication to election rhetoric, which was designed to appeal to private greed.

"The disastrous consequences of his Budget will be felt, not

just in the next months but for many years to come."

Mr. Healey emphasised that other price increases lay ahead, in addition to those imposed directly by the Budget.

These included higher food prices, which must result from the promised devaluation of the Green Pound.

He contended that the policies adopted by the new Government were on broadly similar lines to those followed by the Heath Government in 1970.

This raised the question of how long it would be before Mrs. Margaret Thatcher followed the other precedent set by Mr. Heath at what point

she would "appeal to the public override her obstinacy."

Earlier, Mr. James Callaghan, the Opposition leader, condemned the Government's complacent attitude to the fact that it expected year-on-year inflation to reach 17.5 per cent by November.

"It is totally outrageous," he declared.

Foreign trade guide

FINANCIAL TIMES REPORTER

THE DECISION in the Budget to re-align the use of Sterling in third-country trade will apply only to deals involving British merchants and not to such trade in general, the Bank of England explained yesterday.

This means that the liberalisation of this aspect of exchange controls does not go as far as was suggested in the Financial Times yesterday.

The details have yet to be worked out. The relevant paragraph in the Budget speech by the Chancellor read: "During the sterling crisis of 1976 the last Government stopped the use of sterling to finance third-country trade."

This restriction has placed British merchants at a disadvantage in international business and I am taking the opportunity to restore the facility to them as soon as possible."

Before November 1976, British banks were allowed to finance trade between third countries as long as one of them was in the overseas sterling area (the old scheduled territories).

British merchants arranging deals between third countries could use their own sterling resources to buy, for example, the D-Marks necessary to ship German goods to Japan.

Since then, merchants have had to borrow foreign currency, probably dollars, to finance trade where no British party was involved, and this has sometimes proved a cost disadvantage.

British banks have been prevented from providing sterling finance for any such deals between third countries.

The Budget decision is aimed at providing suitable relief to British merchants. It is not currently intended that the relaxation of the 1976 measures should extend to banks.

Feedstock projects pledge

By John Lloyd

STRONG and continued Government support for projects to produce oil and chemical feedstocks from coal was pledged yesterday by Mr. John Moore, a junior Energy Minister.

Speaking on his first visit to the National Coal Board's research establishment at Stoke Orchard, near Cheltenham, Mr. Moore said that the UK will be world leaders in the conversion of coal into oil and gas.

"This work could provide the coal industry and the process engineering industry with substantial markets in later years."

Two experimental projects to liquify oil from coal are currently being undertaken at Stoke Orchard at a cost of around £15m each.

The cost is being borne by the Government and the NCB so it is likely to attract more than £3m of aid from the European Commission.

A demonstration plant, which may cost around £100m, will come on stream in the late 1980s while a commercial plant producing as much as 10,000 tonnes of oil a day is forecast for the 1990s at a cost of around £1bn.

Mr. Moore said that he had been concerned on first coming into office to discover if the process could be speeded up. However, he had been fully satisfied that it could not.

"Using coal to make petrol and raw materials for the chemical industry is by no means the wishful thinking of scientific backroom boys."

It has been a technological reality for some time: it could become an economic reality in the future."

Biffen pledges control over State spending

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A FIRM declaration that the Government intends to stick to its plans for expenditure cuts and the enforcement of cash limits was given to the House by Mr. John Biffen, Chief Secretary to the Treasury.

"This Treasury bench is determined to bring State spending under some control before its very magnitude drags us down," he said. "That is a policy which is socially responsible, and economically reasonable. It is a score we stand to be counted."

Throughout his speech, his first in the Commons as a member of the new Administration, Mr. Biffen emphasised the Government's determination to carry through the measures announced in the Budget.

Labour protested when he declared that the expenditure cuts in industrial assistance and employment programmes, out-

lined in the Budget, were only a "very preliminary package."

The debate on that would extend throughout the lifetime of this Parliament.

Defending the Chancellor's proposals, he said: "I don't deny for one moment that this is a severe package, but the severity is made necessary by the situation we inherited."

Corrective action had to be taken because public expenditure had been increasing very much faster than originally planned and the rate of growth of the economy was much lower than had been expected.

"It is not pleasant to be taking corrective action, but it is a deal sight better to take it now than to let the situation fester."

The Chief Secretary declined to predict what rate of inflation is likely. But he told the Opposition that in the months

and years ahead, they would have every opportunity to decide whether inflation under this Government would be compared with what happened under the Labour Government.

At that, jeering Labour MPs assured him that they would remember his words and hold him to it when the time came.

"The Budget is not reckless," Mr. Biffen declared. "Yet, it is bold, certainly in some senses it is stern. But I believe it is responsible."

No one could look at the Government's determination to control the Public-Sector Borrowing Requirement and say that it had taken the soft option. "Monetary policy will be a major determinant in the totality of the Government's economic policy," he emphasised.

The present Treasury bench, Mr. Biffen said, was determined to put forward a constructive alternative to Labour's policies. Treasury Ministers knew that high taxation and high Government spending might lead to a taxpayers' revolt similar to those in Denmark and North America.

"We know that a taxpayers' revolt could create political ferment and undermine the deliberate and planned allocation of public resources."

He outlined the propositions that underlay present Government policy. Domestic and world conditions suggested only very modest prospects for economic growth. That would be a real restraining factor on this country and we should recognise the implications of it.

"It means that if growth cannot provide the resources for lower taxation, then lower taxation has to come from reduced levels of public spending."

The burden of public spending had increased, was again increasing, and had to be diminished. There was a powerful inertia about public spending that pushed it inexorably upwards.

Broad agreement existed about the use of cash limits but there was no doubt that the limits announced by the present Government were going to be under some strain, Mr. Biffen said: "I believe that this policy of a general squeeze through the cash limits is sound and practicable."

Although the policy would not be easy to carry through, it had advantages. It was evenly spread between capital and current expenditure, and left the cuts to be decided by those

who were responsible for spending the money. "I don't underestimate the severity and the strain this will mean throughout the public sector," he observed.

However, he would not be drawn by Labour backbenchers who demanded that he should spell out what that would mean in terms of unemployment.

Further, Britain's contribution to the EEC budget was profoundly unsatisfactory and the whole House wished for the success of the Chancellor in bringing about budgetary reforms. At the moment, all the evidence was that Britain's contribution would reach £1bn.

Finally, the real area of controversy was on how public money was spent. The Labour Party had a wildly ambitious and excessive concept of the protective role of the State.

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Revival of at-a-stroke economics

BY PHILIP RAWSTORNE

MR. PATRICK JENKIN, Social Services Secretary, blandly disclosed to the Commons yesterday that he expected the inflation rate to reach 17.5 per cent by November.

Not surprisingly, the political fireworks began immediately. "A total outrage," totally insupportable," Mr. James Callaghan fumed across the Despatch box.

Mr. Jenkin replied defensively that the Budget price increases would have a one-for-all effect on the cost of living.

"Five per cent at a stroke," Mr. Denis Healey snapped furiously, as he followed to

open the second day of the Budget debate.

The Tory Government had displayed an obstinate refusal to learn any lessons from the past, Mr. Healey declared. Its Budget showed a blind indifference to the social, political, and economic consequences for the nation.

Mr. Healey, whirling angrily through the rising prices, predicted explosive pay negotiations this winter.

"It is a recipe for a winter of discontent that will dwarf in its disastrous effects on the economy and society anything we have seen in the past," he cried.

The only incentive that the

former Chancellor could see in the Budget was its encouragement to union negotiators to demand the biggest pay increases they could get.

Mr. David Crouch, Tory MP for Canterbury, protested that Mr. Healey himself was now providing even more encouragement to union militancy.

"The Government cannot expect wage restraint if it shows no restraint whatever itself," Mr. Healey retorted.

The Budget had been less an exercise in economic strategy than in political prejudice, he said. Mrs. Thatcher was fulfilling her

election appeal to private greed.

But her obstinacy would at some point give way again to her opportunism, Mr. Healey said.

There was no glint of even a thought of any future policy reversals, however, from Mr. John Biffen, Chief Secretary to the Treasury.

Though hesitant in style, he was far from uncertain in his convictions. The Budget had been bold, stern and responsible, Mr. Biffen claimed.

The Labour Party might now be retreating from its own policies in office but the Tory Government would stand firm.

Jenkin details social security plans

BY ERIC SHORT

THE GOVERNMENT expects that inflation will be running at 17.5 per cent by November as a result of its Budget measures. It is further anticipating that this will be about two points higher than the annual rate of earnings.

This was revealed yesterday when the new rates of social security benefit were announced by Mr. Patrick Jenkin, Secretary of State for Social Services.

Sickness and unemployment benefits are being increased, from November, to £18.50 a week for a single person and £29.95 a week for a married couple, compared with the present rates of £15.75 and £23.50 respectively—a rise of 17.5 per cent in each case.

Under the Social Security Act 1975, short term benefits have to be updated in line with prices only, whereby pensions and long term benefits move in line with earnings or prices, whichever is the greater.

This rise in the short term benefits of 17.5 per cent, as Mr. Jenkin stated, reflects the anticipated rise in prices between November, 1978, when benefits were last increased, to November, 1979. It reflects the effects on prices of the increase in VAT and other Budgetary changes.

Mr. Jenkin also confirmed that Knutsford, take on new identities.

Contrary to some forecasts, Mrs. Thatcher's seat in the borough of Barret has not been significantly affected by the Commission's recommendations. But a number of other well-known Tories, like Mr. Kenneth Baker and Mr. Hugh Ross, could find themselves looking for new constituencies along with Labour MPs like Mrs. Gwyneth Dunwoody and John Tilley.

The Commission, which must finish its work by April 1984

the pension increases announced on Tuesday by the Chancellor in his Budget speech were also being increased in line with prices. Pensions are being improved by 19.1 per cent to £23.30 a week for a single person and £37.30 a week for a married couple.

This rise consisted of 17.5 per cent anticipated price increase and 2 per cent for the shortfall in the last increase in November 1978 because the earnings movement was underestimated.

He confirmed that the increase was in line with the Government's statutory obligation under the 1975 Act and that prices were expected to rise faster than earnings.

But Mr. Jenkin stated that it was not Government policy to announce expected earnings increases so far ahead.

However, among the new benefit package given was the new earnings rule limits which have to be raised in line with anticipated earnings. These are moving from £45 per week to £52 per week, a rise of 15.1 per cent.

The new benefits package, which will affect about 12m people, will cost £1.1bn in the current financial year and £2.7bn in a full year.

Mr. Jenkin would not forecast whether these improvements in benefits would lead to a rise in the National Insurance Contribution rates.

These were decided in the autumn following the annual investigation made by the Government Actuary. But it was inevitable that the earnings bands on which contributions were levied would rise because of inflation.

Mr. Jenkin reaffirmed the Government's intention to change the statutory requirement for revaluing pensions to be based on price rises only. He stated that legislation to make the change would be introduced shortly.

He pointed out that in the light of experience over the last three years, the Government had concluded that it was not sustainable to uprate long term benefits in line with the higher earnings and prices.

It was confirmed that there would again be a Christmas bonus of £10 paid this year. Mr. Jenkin accepted that this was still the same amount as paid when first introduced in 1972 by the previous Tory Government and admitted that in real terms it should be £24. But the bonus, at the £10 level, would cost £108m and to increase it to £24 would involve a further £150m cost. But the proposed legislation that would ensure that a bonus was paid every Christmas and it would have the facility in future to increase the amount.

Weekly rates

	New	Old
Retirement and widows' pensions		
Single person	23.30	19.50
Married couple	37.30	31.20
War widow's pension (private's widow)	30.20	25.30
Unemployment and sickness		
Single person	18.50	15.75
Married couple	29.95	25.50
Widow's allowance	32.60	27.30
Maternity allowance	18.50	15.75

* 25p is added if aged 80 or over
* Payable for first 26 weeks of widowhood

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European 'abdication' denounced

By Elinor Goodman, Lobby Staff

LORD THOMSON, chairman of the European Movement and one-time Minister for European Affairs in a Labour Government, yesterday lashed out at his former Labour colleagues over their attitude to Europe.

He accused them of sacrificing the long-term principles of European membership to the short-term objectives of party unity.

Delivering the annual lecture of the Association of Special Libraries and Information Bureaux, he criticised Labour's handling of the European issue both during the recent European election campaign and during its five years in Government.

Lord Thomson, who after leaving Westminster became an EEC Commissioner, claimed that "patching up party unity" had been considered more important than the "historic issues associated with British membership of the European Community" during the recent campaign.

He accused the Labour Government of having abdicated Britain's "traditional place at the top table alongside France and Germany" merely to avoid rocking the party boat.

The pro-European majority in the last Cabinet, he maintained, had refrained from promoting a positive climate of opinion about the Community for fear of provoking the minority of anti-Marketters.

In contrast, the anti-Marketters, who dominated the party's national executive had shown no similar restraint.

"They were left with a free field to snipe and to snarl," he asserted.

For the last five years, the Labour Government had given no priorities to emphasising the importance of making a success of British membership of the Community's role in world affairs.

Minor alterations to the existing boundaries though in some cases, this might transform what was once considered a marginal seat into a safe one and vice versa.

Interested parties have one month in which to make representations to the Commission. As yet, the party headquarters say it is too early to predict what effect the changes would have on Parliamentary representation but in those areas where existing boundaries were significantly altered, MPs would probably have to go through the full selection procedure.

In others, it merely suggests

Rhodesia legality assurance

SIR IAN GILMOUR, the Lord Privy Seal and Secretary of State for Foreign Affairs, yesterday denied a suggestion that the Government was adopting a process of "creeping recognition" towards Zimbabwe-Rhodesia.

He said the Government's objective was to build on the changes that had taken place in Rhodesia to achieve a return to legality with the widest possible international acceptance.

"The Government has therefore embarked on a process of consultation. A senior official is at present in Salisbury and Lord Harlech is currently in Africa consulting the Commonwealth and other African governments most closely concerned," said Sir Ian.

The former Foreign Secretary, Dr. David Owen called for an assurance that the Government had no intention of a "creeping" recognition of Bishop Muzorewa—or waiting "justly" until the Commonwealth conference was over before recognising the new Rhodesian regime.

Mr. Owen also asked for confirmation that Lord Harlech would meet Mr. Nkomo and Mr. Mugabe, and that British diplomatic and other activity would be used to bring about negotiations between Bishop Muzorewa and the Patriotic Front leaders.

Sir Ian told him: "We are not proceeding in any way cynically. Nor are we proceeding by way of creeping recognition."

In the Government's aim of achieving the greatest possible recognition, it hoped there would be negotiations and anything else which would help towards a peaceful settlement. Lord Harlech had authority to meet the leaders of the Patriotic Front but exactly whom he met would depend on who was available when he was in the relevant places.

The Government will not reconsider the decision to recognise the new regime in Iran, despite being "shocked" at the executions there, MPs were told yesterday.

The Foreign Office Minister of State, Mr. Douglas Hurd, said during Commons questions on foreign affairs: "The last Government extended recognition to the new Iranian Government in mid-February. We are not proposing to reconsider this decision."

Mr. Hurd added that the Government had already expressed its shock over the executions. But it was essential that Britain should be fully represented in Iran.

Mr. Jonathan Aitken (C. Thanet) called for normal diplomatic courtesies to be extended to the Shah "should he ever come to this country."

Mr. Hurd replied that although the deposed Shah had "many ties of friendship here" he had not

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

Failure to define advertising objectives generates corporate delusion and costly mistakes.
Report by Michael Thompson-Noel

Advertising and the Frankenstein factor

THE PHONEY WAR is over. w that Britain's marketers re had a day and a bit to the broader implications Tuesday's direction-setting dget, marketing departments oughout the land can re- themselves in earnest to business at hand: selling duct. The past six months e approximated a dress earal of Waiting for Godot. st there were the winter kes. Then there was the tion. Then there was the lget. But the decks have been cleared, and market- departments ought to know roximately where they're g, although one can't be

consider the specific case of ertising. In Britain this r, advertising expenditure total at least £2bn. For y companies, advertising endure represents only r 2 per cent of gross turn- But for many of them it also equivalent to upwards 5 per cent of pre-tax profit. according to Harry Henry of Cranfield School of Manage- t, figures like those might you to suppose that most keting departments possess ear-cut idea of what their rtising is supposed to do. the contrary, Cranfield's term research in this area t-term research in this area t-term research in this area

Professor Henry's views on subject are set out in the l of a series of Cranfield sheets, just published: to Set the Right Advertis- Objectives. "The fact that siderable proportion of ad- ers are still wasting a deal of money doing the g things is simply a con- sence of the fact that they not yet learnt to look at matter rationally and sys- tically," he says. "And out of the problem lies in ature to define advertising tives, for it is indisputable if you do not know what are really trying to do is no way in which you judge how well you are t."

says Cranfield has discov- three main ways in which nies habitually mislead selves in this field: 1—



Two prize-winning ads. But in other cases, advertising objectives appear to be set without the least resort to rational thought

they confuse advertising objectives with marketing objectives; 2—they set advertising objectives that do not make an optimum contribution to marketing objectives; 3—they allow advertising objectives to assume an independent existence, "like so many Frankenstein monsters." All three arise, he says, because of failure to understand the specific role played by advertising within the total marketing mix.

"Except in the case of direct-response, advertising does not have a direct effect on customer behaviour. It reinforces or changes perceptions and attitudes concerning the goods and services being advertised. . . . It is therefore very rarely that an exact and clear-cut relationship can be identified between advertising activity and marketing performance."

Business goals sometimes put forward as advertising objectives can involve raising market share, or containing the share of competitors; maintaining or improving distribution and brand penetration; expanding the market; achieving the sales budget; winning new customers or gaining new ones; increasing the frequency of a brand's use; or reducing its seasonality; defending it against on-label rivals; and so on. But these are marketing objectives.

Advertising can make a contribution towards attaining these objectives, says Harry Henry.

but it does so intermediately. It is partly for this reason that many advertisers seek sanctuary in lop-sided thinking.

"When sales results are good, there is a tendency for management euphoria to spill over into the judgment of the advertising: when they are unsatisfactory, advertising provides a handy whipping-boy."

But sales figures do not explain how or to what degree advertising may have contributed to the overall result; how far this approaches the optimum; whether the same effect could have been obtained with less expenditure, or a better effect with more; whether a different campaign would have produced more satisfactory results; whether concentration on a different sector of the target market would have been more effective, and so on.

What, then, are the legitimate objectives of advertising? Prof. Henry says that an initial list of no fewer than 70 can be fined down to six:

- 1. To create or maintain awareness of a product or service.
- 2. To convey specific information of an essentially factual or educational nature.
- 3. To convey messages of a less objective, more persuasive, kind.
- 4. To create, maintain or improve the image of the product, and/or the company.
- 5. To stimulate a desire to try the product.
- 6. To raise or reinforce a feeling of product loyalty.

However cunning the copy platform, sensational the creative treatment, skilfully designed and timed the media schedules, these six in the end are the only ways in which advertising operates to affect consumer behaviour.

The evaluation of objectives is far from easy. "The ideal is for the advertiser to put some numbers into the equation—to say, for example, 'I judge that an x per cent increase in awareness of my product, or a y per cent increase in the acceptance of my product-claim, will have a z per cent effect on consumer behaviour, and hence on sales.' The positive effect, of course,

may be either an increase or the prevention of a decrease, but the situation can also be looked at from the other end: 'What adverse effect on my level of sales (or market penetration, or brand loyalty, or whatever) do I estimate will result from a reduction in the level at which I meet a particular advertising objective?'

Precise figures are only very rarely available. But according to Prof. Henry: "Even if the questions cannot be very precisely answered, the mere act of asking them imposes a self-discipline which can prove extremely valuable in focusing attention on the key issues, and in exposing the lack of substance in some of the more popular platitudes which are the common language of the agency-client dialogue."

By far the most common of the advertising objectives reported in justification of expenditure by advertisers, he says, is an increase in the awareness of a product or service—but it is not necessarily the most important objective and may not be appropriate at all in particular circumstances.

Equally, to set as an advertising objective the creation of a favourable attitude among the target population is far too imprecise. The assumption is often made that favourable attitudes are directly responsible for favourable purchasing behaviour. In reality, the assumption is in most cases unproven and in many instances false.

"One of our most revealing case histories concerns a campaign with the marketing objective of bringing new consumers into the market by creating a more favourable attitude among present non-users. The outcome of that campaign being both an overall improvement in attitude and an increase in consumption. But more detailed analysis showed that the improvement in attitude had been entirely among present users, whose consumption had nevertheless not increased; among non-users the attitude had not changed, but consumption had increased. The campaign had

thus not achieved its specified advertising objective: instead, it had accidentally served some other objective, with fortunate results."

According to Prof. Henry, it is an inconvenient paradox that it is precisely those advertisers who are most concerned to use research findings to shape their advertising objectives, and to assess the extent to which they are met, who run the greatest risk of taking a wrong turning. This is because the research techniques used are liable to take on an existence of their own, and become objectives in their own right. In all business activity, he says, there is a tendency to measure what is most easily measurable, rather than what is most important to measure, and this is particularly true in the case of advertising.

Above all, he warns against forms of measurement that concentrate on consumer reaction to the advertising as such. "Even recall of the advertising is a dubious measure of its effect, and still less relevant are the answers given when consumers are asked whether they like the advertising, whether they found it 'believable' and other such questions. When apparently satisfactory answers emerge from such enquiries, scepticism on the part of the advertiser is regarded as ungracious."

Methods for evaluating the results of advertising, and using them to plan for the future, are not as well-disciplined as they can and should be, says Prof. Henry. But experience shows that when proper objectives are set, they help focus marketing activities in a way that considerably enhances the cost-effectiveness of the advertising effort.

At the £2bn level, there's a lot at stake.

Ford parts with FGA

FORD OF BRITAIN and the FGA/Kenyon and Eckhardt agency are parting company, which means that £500,000 worth of Ford billings, covering Ford's medium and heavy commercial vehicle accounts, is on the loose, writes Michael Thompson-Noel.

In the U.S. earlier this year, Kenyon and Eckhardt resigned all its Ford business, including the Lincoln-Mercury assignment. In order to swallow up approximately \$120m worth of Chrysler Corp. billings in what amounted to the largest advertising account switch ever seen.

In Britain, Ogilvy Benson and Mather handles £2m worth of billings on Ford cars and light vans. Ford will discuss future plans for its medium and heavy truck business with a number of agencies over the next few months.

The commercial vehicle market is booming, says Ford, though recent sales may have been artificially boosted by inflationary expectations.

In the light van sector, total sales this year could be as high as \$6,000. Ford currently holds a 34 per cent share. In medium commercial vehicles,

where the Ford share is 32 per cent, sales could top 116,000. In the heavy truck division, where Ford has 17 per cent, unit sales may reach 73,000.

Eventual Ford winners in the U.S. were Young and Rubicam, which won \$63m worth of Lincoln-Mercury and Ford parts and service billings, and Wells, Rich, Greene, which picked up \$31m worth of Ford business. The main loser was Ogilvy and Mather, which ironically resigned \$12m worth of Mercedes-Benz business in order to compete for the Lincoln-Mercury account.

Offers that can't be refused

BY STEPHAN BUCK

EVERYONE in marketing knows that computers are central to the task of storing, processing and analysing marketing information. By now almost everyone in marketing can produce a catalogue of computer horror stories and frustrations proving that the honeymoon euphoria of the early computer days has been replaced by a more practical and cautious approach.

But even the most doubtful may be converted by the newest generation of computers and analysis systems. These data base management systems provide non-computer specialists with rapid access to complex data through the use of simple English language programming.

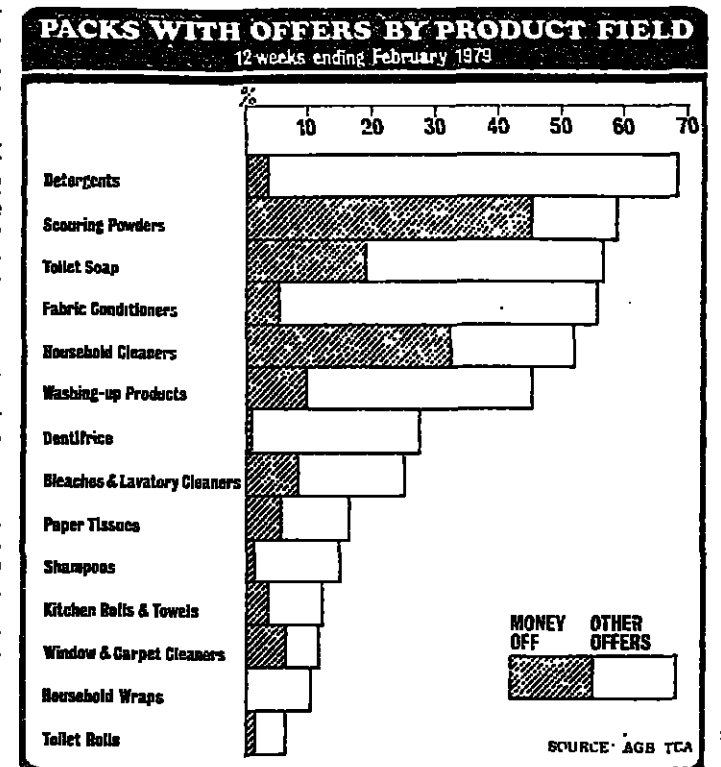
For instance, basic information on on-pack offers is collected every week from 6,000 households comprising the TCA panel, but in the past it has been time consuming and expensive to analyse this information.

In the past year at AGB the process has become far simpler because of the introduction of a new computer system called Datafast. As an example of what can now very quickly be made available, I have selected work we did on the broad product sectors of household cleaners and toiletries.

Information for five 12-week periods was computed covering 1978 and the start of 1979 in order to provide some seasonal patterns and to some extent a year-on-year comparison. Detailed results are shown in the chart for the 12 weeks ending February, 1979, and they provide for each product field the proportion of products sold with some kind of offer, highlighting in particular those on-pack promotions involving "money off."

Others other than money include coupons, competitions, extra product, headed packs and send-away schemes.

As far as total offers for this



period are concerned, they range from about 70 per cent of packs for detergents down to less than 10 per cent for toilet rolls. With one or two minor exceptions the household cleaner items tend to have a high incidence of offer packs compared to the more functional and personal items. The rank order for packs sold with "money off" is by no means the same as that for total offers, so clearly different selling strategies are used in different product fields.

However, the period was one covered by disruption due to strikes, and many products were facing supply difficulties. It is therefore interesting to compare these results with the similar period a year earlier.

As far as all offers were concerned there was remarkably little difference in the incidence of on-pack offers, and the rank order for the three months ending February, 1978, is the same as in the chart for 1979. Dramatic downward shifts have occurred, however, as far as "money off" pack promotions are concerned.

More insight into on-pack promotional policy can be obtained by examining results for individual brands and sizes and for longer 12m periods. This is easy with modern computer analyses systems, and it could well be that some of the harsh views on the value of computers in marketing should now be revised.

Stephan Buck is Director of Group Development at AGB Research.

Sip gently between the Chateaubriand and the Chateau Lafite.

Clear, pure, refreshing Spa water. Guaranteed to purify palate between meals. Original Spa. Contains less salt than any other table water brand. So don't just say mineral water. Say Original Spa.

INK YOUR HEALTH PURE SPRINGWATER.



Saatchi's one-for-two

THE SAATCHI and Saatchi Company, whose financial performance over recent time has set the pace among advertising agencies, reports a 30 per cent improvement in pre-tax profits at the halfway stage, plus a one-

for-two bonus—a sort of post-Budget celebration of the election success of its most famous client, the Conservative Party.

Turnover for the period to March 31 rose by 34 per cent to £34.5m for a pre-tax profit of £1.1m. The operating margin of 3.3 per cent was an improvement on the previous half-year, marking the seventh successive half-year period in which Saatchi has increased its operating margin.

New assignments in the first half came from Nestlé, Campbell's Soup, Smith and Nephew, Procter and Gamble, the Law Society, British Rail and the Wallpaper Marketing Board.

As recently reported, Saatchi has bought the Dublin agency O'Kennedy-Brindley, one of Ireland's top three agencies, following the acquisition last year of Hall's, Scotland's largest agency.

According to chairman Kenneth Gill: "The outlook for the full year continues to be satisfactory, and we expect 1979 to be another year of good progress."

Company report: Page 30
NORMAN STRAUSS, advertising manager at Lever Brothers, is joining Prime Minister Margaret Thatcher's policy unit as a part-time special adviser. He is being released by Lever Bros. for two years, after which he may or may not rejoin.

THE EVENING STANDARD, whose last reported MEAL spend was £194,000, has appointed the new agency, Wright, Collins, Rutherford, Scott. In succession to Callett Dickenson Pearce. WCRS is also in the front running for BAT's £1m account.
HARRISON COWLEY, which has six offices, says current billings are £17.5m, making it the biggest agency group outside London. Audited turnover last year was £12.2m for a net pre-tax profit of £435,191 (£331,919). Recent gains include Hales Cakes, Thermomix, Thorn Gas International and Wilton Royal Ceramics.
VAN DEN BERGH has launched its premium quality packet margarine, Krona, in the London area after successful tests in Harlech and Westward.

"Warrington is ideal as far as we're concerned in the transport industry"

says Bob Stafford, Securicor



To get things moving, contact Warrington!

WARRINGTON
The logical choice for better distribution



COAL & ALLIED INDUSTRIES LIMITED

A\$60,000,000

Project Development Facilities
Provided by

Australian Resources Development Bank Limited
Australian Industry Development Corporation
Bank of New South Wales
State Superannuation Board of New South Wales

The above facilities include provision of a A\$30,000,000 term loan by Australian Resources Development Bank Limited in which the credit risk is shared with

Australia and New Zealand Banking Group Limited Bank of New South Wales

The Bank of Adelaide

The Commercial Bank of Australia Limited The Commercial Banking Company of Sydney Limited

Rural Bank of New South Wales

Commonwealth Trading Bank of Australia The National Bank of Australasia Limited

Financial Advisers

Capel Court Corporation Limited

EXPORTING COMPETITIVELY.

Why talk to us when most banks seem to offer the same export service?

Because we believe you will find:

1. Our fee structures are highly competitive and often more flexible.
2. Our comprehensive services cover all aspects of exporting including the largest projects.
3. Our front-end financing is often more imaginative.
4. We have considerable experience, over 20 years, of working with E.C.G.D.
5. Our commercial loan documentation is often simpler and more concise.
6. Our decisions are fast.

We deliver.



Map by George Philip and Son Ltd. © 1978.

Test us.

Midland Bank International

Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN. Tel: 01-606 9944. Telex: 888401.



And remember—we deliver a range of international services no other bank can offer.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

COMMUNICATION

Sends on the message

NEW FROM Philips Telecommunication Industries is a message switching system that brings the company additionally into the smaller end of the market.

Called DSX-40, this microprocessor-based system can handle up to 40 lines, providing store and forward transmission of messages via the public telex network or leased telegraph circuits with interfacing to the PABX for transmission of text or other data at up to 9600 bits/sec.

Market objective is those organisations that are upgrad-

ing their existing data communications systems from traditional telex room operations. Facilities of DSX-40 include completely automatic routing of traffic, code and speed conversion, mnemonic addressing, and multi-address, group and priority routing. It also offers formatting and editing assistance, logging, statistics and accounting, from a VDU operator position. A modular approach allows as few as two or three external lines to be connected in the first instance. More from P.O. Box 32, 1200 JD, Hilversum, The Netherlands.

SECURITY

Detects any movement

SECURITY TELEVISION equipment from Reliance Systems, Turrells Mill Lane, Wellingborough, Northants (NN83 225000) is able to detect the presence of an intruder by the movements he makes and also speak to him over a loudspeaker system.

By training each camera on a fixed area and electronically comparing each picture frame with the last, the equipment

can detect movement and then switch the relevant camera on to the security officer's monitor. Cameras can be manually controlled by a joystick operation from the security base to follow an intruder's movements. With linked microphone and loudspeakers, security staff can address the intruder and hear his reply, if any, from safety. A video tape machine can record all the events if required.

COMPUTERS

Need for large systems will continue

IN A discussion at the National Computer Conference just held in New York more data became available on the large-scale computer systems studies which have been done by CDC and Burroughs, and which are all part of the build up to the creation of a very large and powerful system to be funded by the U.S. Government.

It also became apparent that ICL's 1977 decision was right, though it was not allowed to bid for the contract when the U.S. system is eventually built it will have a high degree of parallel processing. ICL's array processor will look as if it was the right place to start.

The Burroughs and CDC studies are for equipment on which to do numerical aerodynamic simulation. The requirement is for a unit which can increase throughput over the CDC 7600 by eighty times.

A recently completed survey, to be published within a couple of months indicates that far from the micro gobbling up everything in sight, it is having a reverse effect at the "big end." The would-be large user base is growing, for people can see that the micro makes possible new architectures, and these can handle problems which were until recently thought of as being unsolvable.

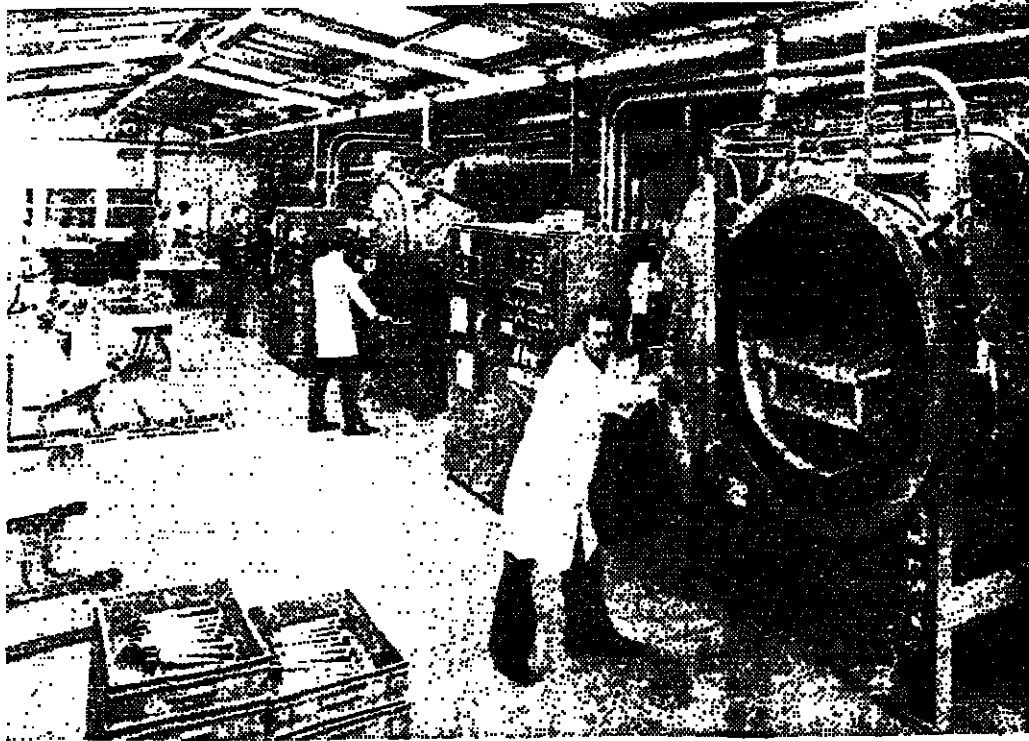
A questionnaire has brought out potential uses for huge machines in software development, nuclear engineering, plasma physics, the study of structures, quantum chemistry, computational fluid dynamics,

and meteorology. The question is, however, whether the technology is advancing as fast as requirements are increasing. The consensus both in public and private is that while advances in VLSI manufacture and technique are well publicised, and while builders have some glimpsings of the possibilities within array advances are not matched by genuine advances in the architecture following detailed studies which could lead to practical machine design.

Increases are required in local memory that is, memory within the system. There are already problems which require a memory increase of five to six times that achieved on any system in use today. And these arise in many areas.

One problem in chemistry, which would have an economic pay off could require 100,000 hours of computer time on the most powerful system in use today.

A speaker from Los Alamos pointed out that in fusion power plasma simulation there was doubt that there could ever be a system large and powerful enough. In theory the problem should be susceptible to a computational solution, in practice no technology can currently be foreseen on which attempts might be made to find such solutions. Yet achieving useful fusion power, might depend ultimately on application of powerful computational equipment.



▲ Torvac has completed the first stage of a big expansion programme of its sub-contract processing operation in Skelmersdale, Lancs. The expansion, which, when completed, will represent an investment of over £300,000, involves installation of three new vacuum furnaces and an additional electron-beam welder, construction of new offices and storage facilities and engagement of extra staff.

As a result of the additional investment, turnover at Skelmersdale is expected to exceed £1m during 1979, with a substantial amount of the new business coming from

high-technology industries such as aerospace and nuclear engineering.

The company now has the capability to process many types of jobs, with five vacuum furnaces ranging from the modular Torvac 36MU front-loading unit up to the large-volume pressurised gas cooled Ahar units. The additional vacuum furnace and electron beam welding capacity at Skelmersdale, coupled with increased facilities at Torvac's other processing plants at Coventry and Waterbeach, near Cambridge, make the Torvac Group one of the largest sub-contract organisations of its type in Europe.

STORAGE

Measures amounts of liquid

PUMA, which stands for pulsed ultrasonic measuring apparatus, is a continuous liquid measuring unit with ability to expand to suit multi-tank operations in applications such as breweries, petro-chemical refineries and tank farms of all types.

Use of very high accuracy transducers fitted in the bases of the tanks to be monitored allows readings to be made to an accuracy of one centimetre in 30 metres. A single set of electronic equipment constructed of microprocessor and back-up packages, allows the liquid height in up to 16 different tanks to be monitored continuously.

Signals from the tanks are scanned using a time division multiplexing technique before being passed to the microprocessor for processing and display. Both remote and local display facilities are available so that readings from a large number of vessels can be handled at a central control point.

A programmable alarm system is included and the operator can test the state of any tank at any time by pushing a button. The system can also be linked to visual display units and data printers. William McGeoch and Co. (Birmingham), 124 Electric Avenue, Witton, Birmingham B6 7DZ.

Checks the level and flow

A NUMBER of level and flow checks can be made with an ultrasonic level switch now available in the UK from Westech Instrumentation Systems (Int'l).

This piezo-electric ceramic emitter-detector can, for example, be fixed to the wall of a tank and linked to a control unit by triaxial cable. It will then produce a signal change as soon as the level in the tank drops below that of the probe because in a gaseous atmosphere the signals will be absorbed rather than reflected from the opposite wall as in the liquid. Alternatively, interfaces between different liquids will give a detectable signal change. It is also possible to use the unit from the bottom of the tank, bouncing the pulses off the surface.

The probe can also be fixed externally to a pipeline to detect liquid vapour interfaces or the passage of scrapers and pigs.

No holes are required in walls since the 1 MHz pulses are propagated through the metal. More from the company at Binary House, Park Road, Barnet, Herts. (449 7161).

NAVIGATION

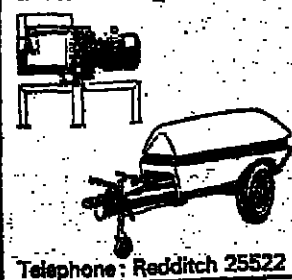
Weather is shown in colour

RCA Avionics Systems has developed the Primus-500, first beacon radar with weather display in colour for use in helicopters and fixed wing aircraft. It provides the pilot with simultaneous beacon navigation and weather, or map information.

The pilot can easily interpret weather conditions with the system's display of light rainfall in green, medium in yellow and heavy precipitation in red. In the "map" position, the colours change to blue for light radar ground returns, yellow for medium and magenta for heavy returns. Beacon returns will then be displayed in white. Fully stabilised, the radar has ranges up to 200 nautical miles. For the short ranges also required in helicopter radar operation, a narrow pulse width produces the necessary high resolution targets.

In addition, the Primus-500 features cyclic contour, self-test, freeze, target alert, distinct azimuth lines and, finally, a sector scan angle of 60 or 120 degrees, either angle selectable by pushing a button. RCA Avionics Systems, 8500 Balboa Blvd., Van Nuys, California, U.S.A. 91409.

Hydrovane Air Compressors



Telephone: Redditch 25522

CONSTRUCTION

Hollow units designed to save heat

IN AN energy conserving design of building evolved in Finland, which looks something like hollow "Legos," the facade facing south is constructed in such a way that almost its entire surface absorbs solar energy.

The windows are made as large as possible, and the surface of the vertical channels between the windows is designed so that it absorbs sunlight effectively.

The heated air thus obtained is conducted into the hollow structure whose channels are heat-insulated. Solar energy is absorbed by the roof structure of the building.

Energy is obtained in the solar facade installation elements without expensive auxiliary elements and the air heating installation with its element channels and air heating, water and air conditioning, electrical, and other equipment is factory made on an assembly line, which is a most effective way of reducing production costs.

Part of the air is blown storey by storey into the room spaces, part of it is conducted through the glazing gap directly to the return channel, and part circulates through the lower section of the element. The air passing through the glazing gap carries off the heat energy absorbed in the windows accumulator strips through the internal channels to the central pumping apparatus on the roof.

Stale air is extracted from the rooms through one of the window exhausts.

One effect of the arrangement is that cold draught close to the windows is eliminated. The useful space of any room thus increases. The outer wall and its window are kept warm.

The relative humidity increases and a feeling of an "ideal dwelling temperature" is reached at a temperature which is 2 degrees C lower than in conventional room spaces, the developers say. This alone results in a saving of about 10 per cent in energy consumption.

Because of modular design, initial costs of a building are reduced. Prefabrication level of the structural elements is very high and the number of different elements small.

No hot water circulation is needed and no separate, complicated and expensive air-conditioning channel system.

Electrical, telephone and other wiring are for the most part included in the installation elements.

Compared to a conventional water-heated and traditionally air-conditioned office building (in Finland), estimated savings run to about 80 per cent, in terms of energy demand.

More details from Pekka Lilja, Siltitie 5B10, 00500 Helsinki 80, Finland.

MATERIALS

Improves greenhouse yields

RESULTS OBTAINED from several large hothouses built of Qualex polycarbonate structured sheet show that use of that material could result in substantial savings.

It has excellent light-transmission and thermal insulation qualities. The 6mm thick sheet incorporates air spaces of more than 5mm. Compared with 3mm glass, it transmits at least as much of the solar radiation that plants need and only about 50 per cent of the heat. Significantly, neither light transmission nor physical characteristics of the material change due to ageing or exposure to radiation, including ultraviolet.

A British study has analysed Qualex's light transmission properties at different wavelengths. The tests found that it is virtually opaque to damaging short wavelengths and also has desirable selectivity in the infra-red range: while Qualex transmits the desired wavelengths very well, it is nearly opaque to "back body" radiation at the wavelengths at which heat is radiated away from the plants during the night.

The result is that the material optimises utilisation of free solar energy, while sharply reducing the need for supplementary heating. Add to that its light weight—it requires little structural support and ribbing—and its very high impact resistance, and the economic advantage is obvious. The British study indicates the additional original cost—Qualex is more expensive than glass—at about 12.5 per cent. However, the initial cost is amortized by fuel savings and a long and maintenance-free life.

Q Company, POB 20060, Tel Aviv, Israel.

"We search the world for top quality goods, so our buying team needs the maximum financial security and convenience. The American Express Company Card Plan proved ideal"

Michael Place, Managing Director, Grattan Warehouses.

There is hardly a country in the world which the merchandise buyers of Grattan Warehouses haven't visited in their unending search on behalf of their famous mail order catalogue.

Their constant aim is to improve the merchandise available to their three million customers through the Grattan Catalogue. Their brief is to achieve goods of top quality and top value, no matter where they travel to find them.

Their problem when travelling is how to meet expenses in a way which is not only totally acceptable and convenient worldwide, but gives security to their buyers.

Back in July 1974, Grattan Warehouses decided to try out the American Express Company Card Plan, with an initial Cardmembership of fourteen. It proved to be the ideal answer.

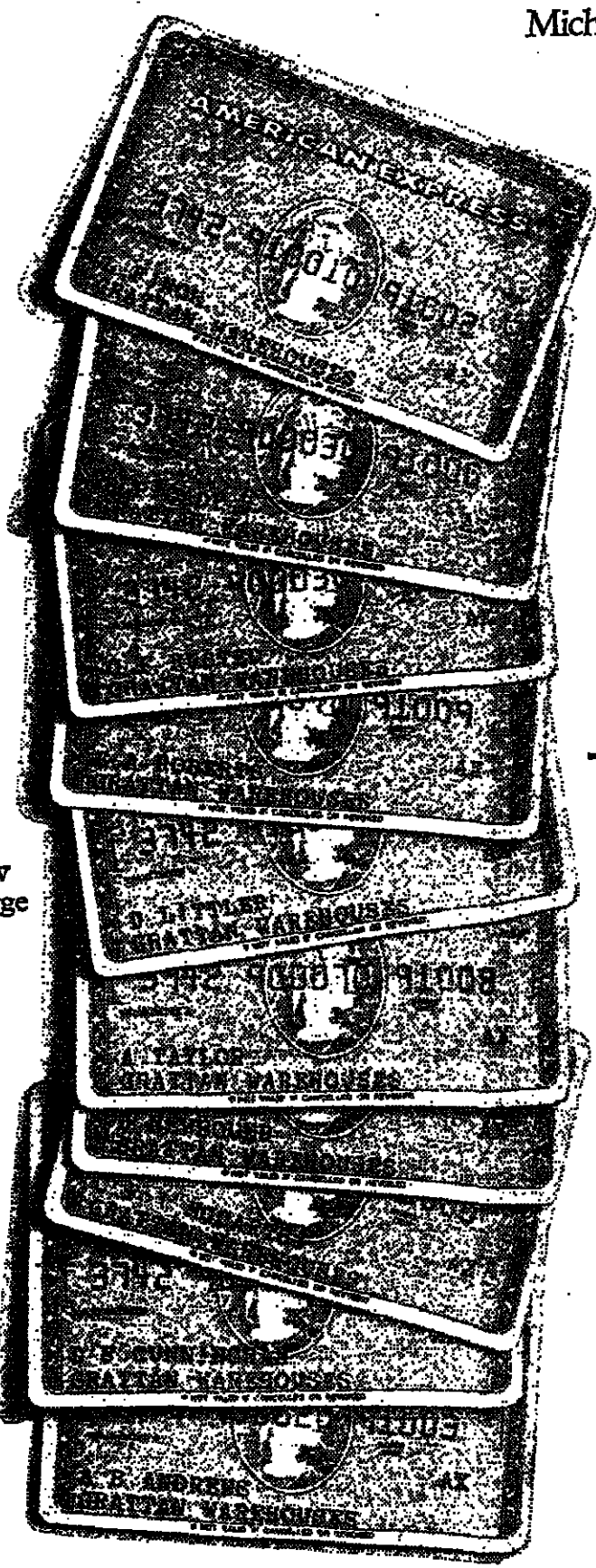
The experiment was a huge success

Armed with the American Express Company Card, executives found they could confidently handle most travel and entertainment problems, no matter how large the bills, without having to carry unnecessarily large sums of vulnerable cash.

Back home, cash advances and conversion costs were greatly reduced—so Grattan Warehouses decided to increase their holding of American Express Company Cards. Today, the company has over 80 senior executives and key buyers, protected by the international flexibility and security of the Card, while the results in the accounts department have matched those in the buying department.

Simple expense administration

The unbeatable flexibility and security of the American Express Company Card is further enhanced by other tangible benefits to your company.



These include: simplification of expense administration for company and executive alike; an exclusive choice of billing arrangements; and the facility to settle monthly charges with a single sterling cheque—no matter where, or in what currency, the original transaction was made.

The American Express Company Card Plan is already helping many companies and their executives—over a thousand of Britain's leading companies are using the Plan—and it can surely help your company just as well.

For more specific information, please write to: The Manager, Company Cards, American Express, Freepost, P.O. Box 91, Brighton BN2 1ZQ.

American Express Cards for Companies.

To: The Manager, Company Cards, American Express, Freepost, P.O. Box 91, Brighton BN2 1ZQ.

Please send me details of Company Card Plans for:

- ☐ Small/medium Companies. (Less than 10 executives regularly incurring travel or entertainment expenses).
- ☐ Medium/large Companies. (More than 10 executives regularly incurring travel or entertainment expenses).

Name Mr/Mrs/Ms/Miss _____

Position _____

Company Name and Address _____

Incorporated with limited liability in the U.S.A.
J. S. Quayle, Resident Vice President.

GRT



إتداتو

THE ARTS

Record Review

Turning on the heat

by KEVIN HENRIQUES

Hotter Than Hades. The Midnite Follies Orchestra. ODN 1001.
The Radio Leicester Big Band. Miller Records 0107 SL.
Havin' Fun! Digby Fairweather. Black Lion BLP 12175.
All of Me. Freddie Kohlman. Camelia TFI.
Me, Myself An Eye. Charles Mingus. Atlantic Records K50571.

Since its stunning debut at the 100 Club in London 18 months ago the Midnite Follies Orchestra has garnered a large and loyal following. This 13-piece band has a diverse repertoire encompassing among others, the music of Duke Ellington, Cab Calloway, Jimmy Lunceford and Fletcher Henderson as well as originals by its co-leaders Keith Nicols and Alan Cohen. In fact the title track of the band's first LP is by pianist Nicols. A well-constructed piece, it cleverly evokes, but does not copy, the big band writing of the 1930s and also along the way enables Nicols to display some nifty stride piano.

Like the Midnite Follies itself his composition is not merely imitative. Nicols, along with Alan Cohen, is also responsible for the arrangements which are never ugly distortions of the originals. The soloists are free to improvise in their own style and are not required to faithfully reproduce the old solos. Thus this is no sad ghost band: it is entirely valid in its own right.

Its best soloists—Alan Elsdon, Digby Fairweather and Johnny Barnes—especially are in cracking form on the 14 tracks which include "Stormy Weather," "Double Check Stomp" and "Jazznocthray." They are positively aided by the rhythm section which is more relaxed and comfortable than 18 months ago.

Despite the eminently dispensable cropping on six tracks of ohmy M who, admittedly, is often heard rather than seen and heard, this studio-recorded

album faithfully reproduces the zestful style and crisp attack of the MFO on its live dates.

Big band sounds of a more contemporary nature come from another British source, the Radio Leicester Big Band, which has been attracting a lot of attention and comment. Justifiably so, on the evidence of its varied first recording which is a blend of standards and originals. On most tracks over 20 musicians are used, including a french horn section. Thus there is a solid-sounding "bottom" to several items, not least the Stan Kenton evergreen "Painted Rhythm" where the trumpets can be compared favourably with past Kenton sections and on which pianist David Hargreaves is certainly a looser performer than Stan the Man.

Occasionally the band's size prevents tunes swinging along effortlessly, but this is a small failing in a unit which clearly exists to play a varied selection of music (two Radio Leicester programme signature tunes are included here) for a wide public without making artistic concessions.

Not all the tracks feature the full band, and among the most successful small group items are "Xth Commandment," a Chuck Mangione piece, where flugel-hornist Liz Lloyd recaptures Mangione's own sound, and "Crosstalk," a duet between bassist Roger Eames and flugel-hornist Terry Willis, who skillfully exchange phrases in a musical conversation. Other notable contributions come elsewhere from David Collinson on vibas and Barry Harvey on tenor-sax.

As mentioned earlier, one of the featured instrumentalists on the *Hotter than Hades* release is Digby Fairweather (now, alas, no longer with the MFO) whose first solo album is one of the most enjoyable to come from a British musician in a long, long time. Side one comprises six tracks with his three

colleagues from the smooth-playing group Velvet. Heavily reminiscent of the short-lived but unforgettable Ruby Braff/George Barnes quartet of 1972-1975 this two-guitar, bass, trumpet format plays polished, elegant, sophisticated but never predictable or cloying jazz.

Fairweather is an agile, bustling trumpeter, always exploring, ever restless, never content to coast along and repeat easy clichés (though one notices a particular growling effect he has taken a fancy to). His playing also contains that admirable gift of humour. His exchanges with guitarist Denny Wright, especially in "It Don't Mean a Thing," are fiery but it is the interplay and rapport between the four musicians which makes Velvet one of the really unusual quartets in Britain today.

On Side Two Fairweather joins pianist Fred Hunt, one of this country's foremost swing pianists, in five duets on which both have space to stretch out. Here are two musicians with wide-open ears playing for each other, not for themselves. Fred Hunt, as well as being a perfect accompanist, is a fine soloist in his own right, straight from the Hines-Waller-Wilson school of melodic playing. He is also the composer of the engaging title track.

Simpler, less sophisticated jazz is heard on All of Me, an album featuring New Orleans drummer Freddie Kohlman with three British musicians who normally form the bulk of the Inter Cities Jazz Band.

Kohlman is one of New Orleans' ubiquitous characters. He plays drums in marching bands in the city, leads his own group in a Bourbon Street bar and finds time to perform in Europe. It was during a short stay in Britain that this LP was recorded at the Pizza Express, Dean Street, in 1977 and it will appeal mainly to keen devotees of New Orleans music.

Though Kohlman's drumming style may be a revelation in the

trad jazz world his frequent heavy snare drum rolls and bass drum accents are hardly revolutionary in other jazz styles. He and the Britishers unsparingly perform some familiar titles (e.g., "Basin Street Blues," "Panama," "Indiana," etc.) without ever really getting the listener excited.

Dick Cook is the most moving of the musicians, playing Creole clarinet with all the warmth of a New Orleansian. Kohlman's insistent drum rolls kick Cook to lofty heights in several places and elsewhere they have a similar effect on the other musicians. Alas Kohlman also sings and unfortunately he indulges in Louis Armstrong impersonations. Enough said!

Despite the several merits of the preceding albums (all recorded in this country with British musicians) there is no doubt which is the most important record to be released in recent months. *Mc, Myself An Eye* is an album of music composed by Charles Mingus who died in January this year and in truth really merits a full-length review to itself.

Centrepiece is "Three Worlds of Drums," a typically emotional Mingus work which contains almost all those characteristics associated with this volcanic personality—and more besides: wild dissonances which never become abrasive; rough emotion; deep textures in the writing (which is for a large band of 25); exhilarating, exciting climaxes; the building and diminishing of tension; above all the overwhelming spirit of his music. In short, all the hallmarks of a Mingus magnum opus.

Perhaps he could have been better served by his soloists. Larry Coryell's heavy electric rock guitar, with his swirling, muddy sounds, is out of place, while other lacklustre solo contributions make one impatient for the written development of the work to continue.

Royal Shakespeare Theatre, Stratford-upon-Avon

Twelfth Night

by GARRY O'CONNOR

Acts One and Two are given a chillingly wintry setting in Terry Hands' otherwise mainly orthodox and highly enjoyable approach in this new *Twelfth Night* which joins the repertoire. Frosted crates which serve as seats and also, sometimes, as lanterns when illuminated from within, beneath bare, silvered trees, evoke a deserted Parisian square with a blurred, watery, full moon above. To be realistic the edges of the moon should be more sharp in a frost, but all precise sense of locale is hazy also. Orsino strides on a love sick, bohemian poet, perhaps; then follows Viola, washed up on a seashore. Both scenes take place at night in John Napier's single setting.

The inattention to a proper time sequence becomes most glaring when after Act Two the seasons change: spring leaves sprout on the trees, and appropriately enough for this play narcissi and white tulips deck the stage. All very effective and decorous, but it does ignore the necessity that Act Three, scenes one and two must follow a matter of hours only after the previous scene. Malvolio would not wait four months before appearing cross-gartered and in yellow stockings.

Apart from this the main thrust of comic action is well served. Orsino's unreal mood of sentimentality is delivered at white heat by Gareth Thomas: he speaks too quickly at the beginning but his vigour and ability to command attention is never in question. Willoughby Goddard and John McNery as Belch and Aguecheek respectively make sure no chance for



Kato Nicholls, Gareth Thomas and Cherie Lunghi

wry Feste: his economy is admirably handled. Imaginatively, succeeds at first when Kato Nicholls, masked and hooded, keeps something from the world, but too soon she grows too flamboyant, too exaggerated, in spite of radiant looks which

need no such emphasis to make an effect. Stephen Beachbrook is cast too patently for his physical similarity to the Viola of Cherie Lunghi: his acting, though admittedly a difficult one to enter into, Miss Lunghi's Viola has much to recommend it: vividness, sincerity, charm.

Sadler's Wells

The Last Temptations

by NICHOLAS KENYON

Among contemporary operas, *The Last Temptations* by Joonas and Lauri Kokkonen has acquired a considerable reputation. In Finland it is almost a cult work, and reports that have come back to England from those who visited performances of this and other Finnish operas by the National Opera have suggested that it forms part of a uniquely fruitful operatic renaissance in the country. Perhaps, the rumour goes, opera is alive and well and living in Finland.

Now London has the chance to judge for itself, for both the National Opera, and Ballet are at Sadler's Wells for a short season: Sallinen's opera *The Red Line* is on tonight, and the ballet *Gopane* on Friday and Saturday. Tuesday's performance of *The Last Temptations* was indeed deeply impressive. The work is profoundly grim, a story of the personal struggles of the Finnish evangelist Paavo Ruotsalainen against the darker sides of his character. Joonas Kokkonen's music is constantly vivid, with its carefully-controlled washes of orchestral colour, its fine intensifications of a most powerful psychological moments in the plot, and its well-balanced, unhurried pacing (there are 14 scenes in two acts, each linked by orchestral interludes).

Above all, there is most effective vocal writing which rises over the orchestra in a far more memorable and careful manner than in many 20th-century works: and Tuesday night's cast, with Martti Talvela as Paavo, Ritva Auvinen as his wife, and Seppo Ruohonen as his son, sang it with full, rich, glorious voices. These were all guest artists, but the standard of the regular company members was no less suited to their parts: the ensemble in both singing and acting is superb, the production unoriginal but sensible, and the overall effect very powerful.

If through all this there comes an impression that I was nevertheless unable to share wholeheartedly in the rousing cries and orations at the fall of the curtain, then that is intended: I simply found, for my taste, the opera's content unsatisfactory. Paavo is portrayed as an utterly bleak character: we see nothing of the rhetorical power, the grip on an audience which he must have had at the heights of his activity as an evangelical preacher. He is totally at odds with the world, with his family (who in an anguished twist turn out, on his deathbed, to be those who have tormented him all his life). His failure, as we see it, is too deep and complete to be suddenly transformed



Ritva Auvinen and Martti Talvela

into acceptance by the mere singing of a chorus (of which there are many in the opera). "The barrier of Heaven," of which he is so conscious—though his wife Ritva crosses it with uncomplicated ease as she dies

—remains in place throughout the opera. And musically, though as I have indicated the score is enormously competent, it seems to me to lack that last characteristic of surprise, of revelation which distinguishes the

great from the good. *The Last Temptations* is a very good opera, and to those who like a dour evening in the evening it may be unsurpassable. But I could not honestly put it on the list of operas I would wish to study, to get to know, and to live with.

German Embassy/Elizabeth Hall

Merscher/Igloi

by DOMINIC GILL

The 17-year-old pianist Kristin Merscher from Germany reached the semi-final recital stage of the Leeds Piano Competition last year, and I called her then "probably one of the most sensationally gifted pianists ever to appear on the competition platform." She was young, certainly, at 17 no musician is mature and fully formed. But her gifts were already remarkable, and precisely those, I suggested, which any competition should fall over backwards to catch and acknowledge. What grey, moralising, mealy-minded judgment was it of the jury's that prevented us from hearing her concerto finale?

The circumstances of Miss Merscher's London debut on Monday night—the musical bouquet and centrepiece of a 100th-birthday party given at the German Embassy in honour of Sir Robert Mayer—were less

auspicious than they had been at Leeds. Her right arm had been badly bruised in a car accident a few days before, and she had only a small boudoir grand to play on, stiff-keyed, without brightness or resonance. She had to be content to fight with, not caress, her keyboard, and to pass over much of the subtler colouring of the music, but there was a great deal still to admire, and for those who had heard her Leeds recital, to remember—a sparkling second Book of Brahms Paganini Etudes, beautifully gauged and shaded; Schumann's *Adagio Variations*, quick and clean and cool; and a Liszt "Feux follets," delivered with delicate and brilliant, and best of all, a splendid sense of humour.

Miss Merscher has years enough ahead of her, and is wisely not making bids too high too soon. But perhaps it will not be too long before we hear

her, say, at the Wigmore Hall; and on a properly-voiced, professional instrument.

The tragic suicide of the cellist Thomas Igloi in 1976 robbed us of one of our most gifted and promising young musicians. A number of concerts since then have commemorated his brief but active career: the latest of these, given on Tuesday by four distinguished musicians, two of them, like Igloi, Hungarian, served to promote the Trust Fund for promising young string players which bears Igloi's name. The evening's high point was a performance of Bartok's sonata for solo violin, given with admirable bite and presence by Erich Gruenberg—who was supported also in Kodaly's violin and cello Duo op. 7 capably by Keroly Borzay, and forcefully in Bartok's *Contrasts* by the clarinetist Anthony Pay.

Palladium

The King and I

by ANTONY THORNCROFT

On the day of a Budget based in change the Palladium lifted the curtain on the past, on a ravishing age of escapism and fantasy. *The King and I* returned to London, bringing back the 1950s, confidence, and melody. Judging by the forward bookings this Richard Rodgers and Oscar Hammerstein II musical will see out the Government, as long as Yul Brynner ticks with the razor and the pick Thai accent.

The music may be heavy with loy; the lyrics predictable; the enticements trite, but the production has broken box office records in the U.S. and has the ind of confidence in the value of money that should repeat the record here. It looks magnificent and the casting is superb. The set piece scenes, with oriental infants and pretty oriental ladies, are presented with enough assurance to silence the carpiest critic. This is a very handsome peep at Thai history: no expenditure cuts are.

And oddly enough the history is fairly accurate. Mrs. Anna Leonowens, a Welsh widow, did take up the post of teacher to the children and wives of the Siamese monarch. There were quabbles over her house; she did send back his presents; she did educate his son, who abandoned slavery on ascending his throne. She did not, perhaps, ward off British gunboats, or save the King a seizure, or walk with him, but this is not business. The factual signposts give an integrity to the piece, which even the inevitability of Yul Brynner cannot destroy.

Brynner owes his stardom to his first night on Broadway as the King, 28 years ago, and little has changed since. He glides through the role, hiding too much of the dialogue with guttural grunts, and now portraying the King as a bit of a softy. He lost his personality in the past years ago but at least he gives a hard, resonant core around which the other players can take their chances and Virginia McKenna, as Anna, certainly seizes hers. After early nerves she is the perfect lady, indeed the perfect English lady if that is forgivable in a Welsh governess. The voice is not dominating but it is plucky and there is a grace and integrity in her acting which make more of the plot than it deserves.

But the strength of the show lies in the cast. The silks and the costume jewellery are draped around authentic looking bodies and June Angela and Marty Rhone, as the star crossed lovers, get the kind of acclaim usually hogged by the stars. Hye-Young Choi also impresses as Lady Thiang. The sets, too, are pantomime plus standard, and although the sound had trouble with the static, the lighting was an improvement on recent Palladium practice.

With such an assurance of success the performance has a ritualistic charm. This is hardly Richard Rodgers' best score: the strings are too soaked in honey, the melodies a pastiche of romanticism. There is not a thought-provoking line in the show. But with Jerome Robbins contributing an arresting ballet when the plot runs out, and the



Virginia McKenna and Yul Brynner

ending as surprisingly downbeat as in *Evita*, *The King and I* will keep its place among the great Broadway musicals and this revival does not shame the tradition.

Arts news in brief

The arts must bear some of the burden of the Government's expenditure cuts. Most of the savings of almost £3m will come from cutbacks in housing the arts but the Arts Council has said its 1979-80 budget reduced by 2 per cent, or £1.14m. As a result its 1,240 clients are being informed that their grants are being cut by 2 per cent across

the board. However, in order to keep disruption to a minimum the clients have also been told that they can spend up to their allocated grants this year: they will enter the new financial year, starting in April, 1980 with 2 per cent deficits, and then the problem will be faced. Perhaps the Arts Council hopes

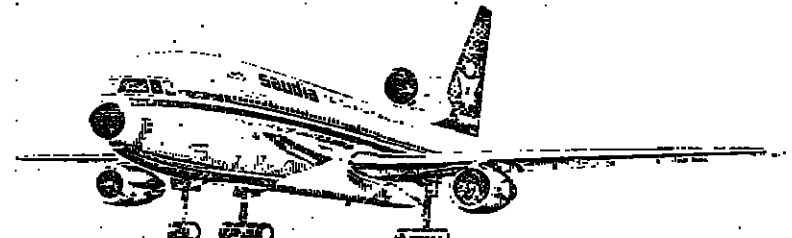
for a larger grant in 1980-81 and make good the short-falls then.

Vyryan Lorraine, who joined The Royal Ballet in 1968, is leaving the company at the end of this season at Sadler's Wells Theatre and will make her final appearance with the company on Saturday September 22 (matinee) in *La Fête éternelle*. Brian Bertscher, who joined The Royal Ballet in 1964, is also leaving the company. His final appearance will be in *Pineapple Poll* on Saturday September 22 (evening).

Michael Corder will rejoin The Royal Ballet as a soloist from Monday August 27.

PASSENGER SERVICES EUROPE - SAUDI ARABIA.

DAY	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN
FLIGHT NO	SV 661	SV 662	SV 663	SV 664	SV 665	SV 666	SV 667	SV 668	SV 669	SV 670	SV 671	SV 672	SV 673	SV 674
DEPART	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05
ARRIVE	12:05	12:05	12:05	12:05	12:05	12:05	12:05	12:05	12:05	12:05	12:05	12:05	12:05	12:05
PARIS	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05
FRANKFURT	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05
GENEVA	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05
ROME	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05
ATHENS	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05
ISTANBUL	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05
JEDDAH	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05
DHAKA	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05
COAST GUARD	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05	11:05



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JOBS COLUMN and APPOINTMENTS

Singular pair of marketing opportunities

BY MICHAEL DIXON

MEET a gentleman with a dilemma, part of which is that he cannot be named here without exacerbating his difficulty.

His company is failing to achieve sufficient in-depth distribution of its product range. This aim is complicated by the need to market the products, whose pattern of distribution resembles that of the toy industry, both to wholesale and to retail outlets. A particular bugbear has apparently been failure to foresee when and where actual sales are liable to fall well short of those forecast.

He thinks the problem could best be overcome by engaging the right kind of sales director, whom he suspects must be a rare animal. So he is discussing the matter with consultants. Being in a hurry, however, he has come to the Jobs Column with a view to expediting the search especially since, I gather, the right candidate could be working anywhere in the world provided that he or she is linguistically and otherwise culturally transferable to a London-based concern. Which raises another problem.

It is how to guarantee proper security to such Jobs Column readers as might wish to apply for this director's job when neither the company nor, as yet,

the recruitment consultants may be named. And the answer is, I'm glad to say, the newly invented Resource Exchange (on which, for the benefit of regular readers, a further progress report will appear during the next two or three weeks).

Anyone interested in the job should write, with outline of appropriate achievements, to Michael Bretherton, Resource Exchange, 5 St. James's Place, London SW1A 1NP—telex 87190. Those wishing not to be identified to any particular employer should specify in a covering letter those to whom the application should not be sent. And the Resource Exchange will abide by those instructions. That being said, I'll tell you what sort of person the managing director in the case has in mind.

The preferred age-range is 30-40. During that time, candidates should have earned success in controlling the sales force of a concern dealing in toys, gifts, confectionery or the like. Behind this success will be demonstrable skill in budgeting and forecasting. Previous responsibility for profits will be a distinct advantage. So will experience of contributing to marketing plans and to main Board decisions.

In particular, the newcomer must be capable of putting into force and keeping check on distribution objectives, sales-call cycles, and merchandising

drives, and of identifying and responding aptly to market trends. Familiarity with television promotions and with demonstrating products in stores will be among useful extras.

Rewards will be £12,000-£13,000 at present sales levels, plus an incentive based on additional turnover which should add another £5,000-£7,500. Negotiable perks, and a prospect of a share in the equity complete the list.

Pioneer

ANOTHER PROBLEM in the marketing area has been brought by head-hunter Richard Robinson, of the Otteridge consultancy. He is seeking a marketing manager on behalf of Gerald Moss, managing director of the burgeoning employment agency Rand Services, who I am told admits that one of his "problems" is that he gets on with most people, but beyond that is "as sharp as a razor." Next for shaving, apparently, are the employment markets of certain overseas countries where Mr. Moss is keen for Rand to expand.

It is not just himself or herself that the newcomer will have to insert into the London headquarters, but also the concept and techniques of marketing itself which, to most intents and

purposes, have been absent hitherto. Achieving the necessary acceptance will not be any easier for the fact that the recruit's new colleagues have largely been working with Rand for up to 15 years and, without professional marketing, have been doing fairly nicely. Last year's pre-tax returns of about £400,000 on £5m turnover were reports, by no more than typical in the stage terms.

But Gerald Moss wants to enhance the strong planning, sales and operations teams with a professional marketing approach. One likely task may arise from the fact that with 205 people employed in 45 places in England and Scotland, Rand's Services cover areas of high unemployment as well as others with severe shortages of labour. The same region can be affected by a similar dichotomy between different kinds of industry.

So there is a problem in working out an apposite balance of effort between getting in more business (about a third at present lies in temporary work) from employers, and attracting more individual workers to join the agency as candidates.

Working with Mr. Moss and with Ms Valerie Blair, the general manager, the recruit will have to determine how marketing knowledge and skill can best be applied in Rand. Advertising, market research, projecting prices and margins, promotion of business, will doubtless all be

among the responsibilities. The provision of associated training may also be included.

Mr. Robinson envisions the right candidate as someone already in charge or second-in-command of marketing a service, perhaps in the context of multiple retailing, entertainment, etc., or of handling similar types of accounts in an advertising agency.

Full competence in the numerate aspects of the marketing craft is important. There would be an undeniable advantage in more than a touch of salesmanship, but it must be of the unobtrusive type because the newcomer will be working primarily in a "staff role" and I understand that people who have gained a feel for that kind of role, perhaps in personnel or other management services, would find it useful.

Preferred age range is 30-40. Once again, provided candidates are culturally transferable to work from London, it matters little where they come from. Richard Robinson says that success in pioneering marketing in Rand should lead, if so wished, to the opportunity to move into a senior line-management job with the company after a year or a bit more.

But he does not quote any salary, so leaving the Jobs Column to venture its own estimate. At the minimum, I would think that the figure

would need to be £10,000 plus commensurate perks including a car. For a consummately qualified recruit, Rand could well have to go up to £15,000.

Applications demonstrating suitability to Mr. Robinson at 199 Knightsbridge, London SW7—telex 24788, telephone 01-589 1444.

Fast print

A BULK order for senior specialists with experience of, and ability to operate internationally in, the computer and business-systems field has been given to head-hunter Kim Owen-Browne by a company he may not name. So he promises to honour any applicant's request not to be identified to the employer until specific permission has been given.

The required specialists are field operations, marketing support, systems work, planning and training. Appropriate experience is essential, and language skills would help a lot. Salaries to be paid by the London-headquartered employer—which is in the business of electronic printing and associated systems—will vary from £12,000 to £25,000 depending on particular job.

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The successful candidates will be able to demonstrate several years' successful experience of the promotion and management of export financial services, including ECGF project buyer credits. They will

have been used to dealing at the most senior levels both inside and outside the United Kingdom, and it would be an advantage, but not a prerequisite, to have at least one language in addition to English.

The posts are London based but overseas travel will be necessary. Prospects for advancement in a dynamic environment are excellent and the positions carry the fringe benefits associated with a major International Bank.

Letters of application, together with CV, salary progression and any other relevant data, should be forwarded without delay to: Mr. C. A. Cotton, Executive Recruitment Division, MLH Consultants Limited, Park House, 22-26 Great Smith Street, London SW1P 3BU, quoting reference A132.

MHL Consulting Group of Companies

Deputy Managing Director

Engineering sales and export c. £15,000 + bonus + car

Our client, part of a substantial British engineering group, has extensive interests in the design, assembly, distribution and marketing of machinery and equipment. The Managing Director now requires the support of an exceptionally able young Deputy who will share his responsibilities for planning, budgeting and implementing future strategies as well as assisting in the day-to-day running of the business.

Initially, you will have particular responsibility for developing and implementing worldwide marketing activities. Marketing experience in the UK and overseas through distributors and dealers is therefore essential. In due course, you will be expected to acquire a full knowledge of all other aspects of the business and prospects are excellent. Our client is looking for a graduate-calibre man or woman with an engineering

background and experience in professional marketing. At around 40, you will have proved your outstanding business and leadership skills by having achieved a senior general management post or a Board appointment responsible for marketing. In addition to the salary of around £15,000 there is a bonus, company car and extensive benefits, including removal expenses to an attractive location.

Ref: K7953/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

yardley Management Control

London Based

From £10,000+car

An important new position has been created, responsible to the Financial Director. The aim is to help ensure that operations worldwide are being efficiently managed and to assist local and central management improve the profitability of these operations.

Candidates, aged over 30, should have an audit/management accounting background and, ideally, consultancy experience which will have provided exposure to marketing strategy, production and inventory control and budgeting as an effective management tool. These are prerequisites for constructive business and management appraisal.

As part of the BAT Industries Group, the prospects attached to this role are considerable. Applications are also invited for similar work from younger candidates with the potential for promotion.

Please contact I. G. Thorburn, Finance Director,
33 Old Bond Street, London W1. (01-629 9341)



Accounting Consultancy A Challenging Environment

London Based

As one of the largest British - and international - firms of management consultants we expect to offer our clients an international service of technical excellence spanning a wide range of disciplines.

Our immediate need is for qualified accountants aged 23-35 with at least 5 years' experience in industry-commerce. Successful candidates will carry out problem solving assignments in areas of:-

- * financial analysis and project appraisal
- * management information and control systems
- * computer systems
- * costing systems.

Competitive starting salaries will be negotiated. Those interested will have the opportunity to work on overseas assignments with premium salaries and generous allowances.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to J. G. Cameron, Executive Selection Division, ref. CF20 49, at the address below. Please include a daytime telephone number at which you may be contacted.

Coopers & Lybrand Associates Limited,
Management Consultants,
Shelley House, Noble Street, London, EC2V 7DQ.



Hoare Govett Ltd

TWO SENIOR POSITIONS Eurobonds- Head of Department

An experienced Eurobond dealer is required to take charge of our Eurobond operations.

The successful applicant - who must have considerable experience in this field - will be given every encouragement to develop and expand Hoare Govett's Eurobond business.

The salary will reflect the importance of this position.

European Securities' Analyst

An experienced analyst is required to increase our service to institutional clients on European securities.

Continental experience and languages would be a distinct advantage.

This post might suit a Continental analyst wishing to broaden his/her experience and who is willing to move to London.

The salary is negotiable and the prospects are excellent.

Applications for both appointments which will be treated in strict confidence should be addressed to:

The Secretary,

Hoare Govett Ltd.,

Atlas House, 1 King Street, LONDON EC2V 5DU.



London

£12,500 neg. + car

FINANCIAL DIRECTOR DESIGNATE

for a quoted, highly regarded, rapidly expanding and essentially family managed retail group.

This is a new appointment with responsibility to the Managing Director for the entire financial function.

Age from 30. Possibly a career appointment for a commercially orientated and enthusiastic qualified accountant.

Resumes including a daytime telephone number to J. G. Cameron, Executive Selection Division, ref. C 388.

COOPERS & LYBRAND ASSOCIATES LTD.

Management Consultants

Shelley House, Noble Street, London, EC2V 7DQ.

Manager- Business Relations

A Strategic Communications Role

This Division of a major U.K. Group seeks to maximise its capability of handling relationships with staff, Government Departments and Agencies, Trade Associations and other institutions - both in the U.K. and overseas. The need is to strengthen and support the Division's expanding operational business by developing and implementing short and long term communications strategies.

The requirement is for a specialist of significant stature in the communications industry or, possibly, a commercially aware, creative and effective manager, male or female, used to operating at least at Divisional Board level in a large manufacturing company.

Terms, with a base salary well into five figures, are for negotiation. Location is on attractive part of South East England.

Please write in complete confidence, quoting Ref: FT/650, and giving brief details of age, experience, qualifications and present earnings to:

CB-Linnell Limited

8 Oxford Street, Nottingham
MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM - LONDON

AUDIT SUPERVISOR

£15,000 tax free substantial benefits
SAUDI ARABIA

Our client is one of the largest Saudi Arabian trading groups and they require an Audit Supervisor for this key function which is established and expanding.

The person will supervise the work of auditors engaged in the reviews of organisational and functional activities; provide a comprehensive practical programme of annual audit coverage within general areas assigned and complete detailed reports and make recommendations on the effectiveness and accuracy of systems and controls.

Candidates should be qualified accountants with sound EDP audit experience and have relevant experience in a medium or large accounting firm followed by internal audit experience in a medium or large industrial or commercial firm. Preference will be given to Arabic speaking candidates. A tax free remuneration package of circa £15,000 is offered. There is excellent modern office accommodation. Additional benefits include free first class furnished modern housing with recreational facilities and utilities, medical and accident insurance and a car allowance. Opportunities for career advancement within this expanding company are good.

Please send a comprehensive career resume, including salary history, quoting ref. 980/FT to W. L. Tait.

Touche Ross & Co. Management Consultants

4 London Wall Buildings, London, EC2M 5UJ.
Tel: 01-588 6644.

FINANCIAL DIRECTOR

Age: 30-45 Up to £11,500 + car
Home Counties - West of London

Our client is a medium sized successful group of private companies in manufacturing. They require a Financial Director who will report to the Chairman.

The responsibilities include the day to day running of the accounting function including the operation of the costing system; the production of monthly and annual accounts, the operation of the budgetary control system; cash flow and the continuous development of the accounting system. There are also secretarial and legal duties.

Candidates must be qualified accountants and have had wide accounting experience, including costing experience, in industry, preferably in a small or medium sized company. Experience in secretarial matters is also necessary.

The salary will be negotiable up to £11,500. In addition, a car will be provided and there is a pension scheme. Assistance with removal expenses will be given, if appropriate. Please send a comprehensive career resume, including salary history, quoting ref. 981/FT to W. L. Tait.

Touche Ross & Co. Management Consultants

4 London Wall Buildings, London, EC2M 5UJ.
Tel: 01-588 6644.

GILT EDGED SPECIALIST

Our client, a major firm of London Stockbrokers, is seeking a specialist with good institutional connections to join its long established Gilt Edged Department. This post should appeal to an ambitious person either in a very large firm, where progress is limited by numbers, or in a small firm, where they lack the necessary support to expand their ideas. Full economic, statistical and technical backing is available and major research projects are currently in progress.

Our client's requirements are flexible in terms of age and level of entry into the firm, provided that the applicant is of appropriate calibre.

Salary and other conditions are unlikely to be a barrier to the right person.

All replies will be forwarded direct to our client. Please indicate in a covering letter any firms to whom you do not wish to apply.

Please send a comprehensive career resume, including salary history, quoting ref. 982 to W. L. Tait.

Touche Ross & Co. Management Consultants

4 London Wall Buildings, London, EC2M 5UJ.
Tel: 01-588 6644.

SENIOR PROJECT OFFICER / SENIOR ASSISTANT

Up to £5712 plus Productivity Payment

West Midlands Gas is looking for either a graduate with several years experience, or a young graduate with about one year's experience, in applying computer based modelling/statistical techniques in forecasting in an industrial environment.

The vacancy exists at Solihull in the Economics and Forecasting section of the Corporate Planning Department as part of a multi-disciplined graduate team consisting of Economists, Mathematicians and Statisticians. The department is responsible for the production of the Region's Corporate Plan and this position provides an opportunity for someone with ability and an interest in planning and economics to make a positive contribution in an existing growth industry.

The successful applicant, male or female, will be involved in developing the departments forecasting models and data-base/information systems, many of which are based on the Region's own powerful computer facilities and on computer bureaux where use is made of high level planning languages.

Applicants should preferably have experience in the setting up or maintenance of a computer data-base and knowledge of F.C.S. or Fortran would be an advantage although further training is available for those with a different computing background. First degree subject is not of prime importance but a strong numerate background is essential together with experience in, and/or the desire to become involved with, the applications of computer-based numerate techniques to practical problems. The ability to communicate clearly to non-specialist personnel at all levels is also essential.

The starting salary (which is under review) will be in the range of £4,833 to £5,712 or £3,927 to £4,746 (depending upon the level of entry) plus current self-financing productivity payment.

Please apply for an application form quoting Ref. No. FT/A39 to:

Senior Personnel Officer
(HQ & Marketing)
West Midlands Gas
Wharf Lane, Solihull
West Midlands B91 2JP

**WEST MIDLANDS
GAS**

ASTLEY & PEARCE LIMITED

are looking for Trainee Dealers in their Euro-currency Deposits Department. The ideal candidates would be in their early 20s with some money-market experience.

Please apply in writing to the Personnel Department, or telephone for an application form and/or further information:

ASTLEY & PEARCE LIMITED

80 Cannon Street, London, EC4
Telephone: 01-626 2486

SHIPOWNERS THIRD PARTY LIABILITY INSURANCE

GRADUATE LAWYER

A vacancy exists for a young (age 22-26), qualified lawyer (barrister or solicitor) with good U.K. university degree to join firm of Managers of a Shipowners Mutual Protection and Indemnity Insurance Association. Pupillage in maritime chambers or experience in a firm of shipping solicitors a great asset.

Salary from £5,250 according to age and experience.

Write, with full curriculum vitae, to:-

Mr. Colin Harris

CHARLES TAYLOR & CO.

120, Fenchurch Street, London EC3M 5HA

User Oriented Business Analysts

Solve the functional problems of
customer administration -
on an international scale.

The Shared Development Centre of Rank Xerox is currently engaged in designing and developing an international system for the use of our 13 Operating Companies throughout Europe. It is a major project, expected to last 2 years, and to make a significant contribution towards efficiency and organisational performance.

We are looking for Business Analysts to define functional requirements, to understand the implementation problems and to ensure successful implementation within the Operating Companies.

You will provide the vital interface between users and computer systems staff and will need a wide understanding of the customer administration function. We need staff from a number of backgrounds, including O&M, Management Services, Order Processing, Invoicing, Debt Management, or a user orientated systems environment. Experience must be commercial, with management level responsibilities, and ideally should include some knowledge of a lease base or sales organisation.

Imagination, inventiveness, man-management and communicative skills are essential.

As the project will be implemented on an international scale we anticipate considerable overseas travel to the major cities of Europe and to our USA Training Centre, near Washington D.C.

These are senior appointments within a highly dynamic and progressive company so the rewards and long term prospects will be exceptional. Starting salaries are likely to be in the region of £8,000 but are open to negotiation and benefits will include a generous relocation package and free BUPA membership.

Please apply to: Sue Widdell, Senior Personnel Officer, Rank Xerox (UK) Ltd., Bridge House, Oxford Road, Usbridge, Middlesex. Tel: Usbridge 51133.

RANK XEROX

Jonathan Wren - Banking Appointments

The personal consultancy dealing exclusively with the banking profession.

BANKING IN THE MIDDLE EAST

BILLS DEPARTMENT

Tax-Free Salary

Our client, the national bank of a Gulf State, seeks a Junior Officer to take charge of the Head Office Bills/Letters of Credit Department.

Shareholders of the bank include the state government, prominent local businessmen, and - either directly or through subsidiaries - three well-known and respected foreign banks.

Candidates, of bachelor status and aged in their mid-twenties, should have a minimum of four years' banking experience including all aspects of Bills and Letters of Credit. The person appointed must be capable of running a relatively active department and it is a necessary requirement that he participate socially to assist in the marketing of the bank.

Salary is negotiable upwards from £8,000 per annum, paid in local currency and TAX FREE. A profit-related bonus, normally not less than 10% of annual salary, is also payable. A full schedule of the extensive range of fringe benefits offered by the bank will be made available to short-listed candidates. Interviews will be conducted in London during July.

Please telephone **KEN ANDERSON** in the first instance. All enquiries will be treated in strict confidence.

First floor - entrance New Street,
170 Bishopsgate London EC2M 4LX. 01-623 1266

EMA**CHIEF ACCOUNTANT**
Recently Qualified

London EC2. to \$8,000 + car

Responsible to the Financial Director for the complete accounting function of the UK company and its European operations, the Chief Accountant will supervise 16 staff. Systems have been recently computerised and there is scope for further development. Solving exchange control problems, he or she will manage cash resources and have close contact with the company's general management.

Our client is a subsidiary of a major UK investment group. Currently turning over \$20 million providing a range of industrial services on an international basis, the company is developing its operating capability overseas. Aged 24-28, applicants should ideally be chartered accountants with a year's industrial experience involving staff management. Please telephone or write to David Hogg FCA quoting reference 1/1801.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

International Hospital Management—Finance Department

salaries equivalent to £16,000 and £24,000 tax free
+ bonus

A United Kingdom based international medical group—the only British competitor in its field—is planning its expansion in the Middle East and elsewhere in the developing world. To accelerate the pace of this expansion the group wishes to make two senior appointments to its operations.

Financial Controller

Responsible for providing financial advice to the executive committee, for representing the finance department in dealings with external bodies, for budgetary control of a programme with an annual expenditure equivalent to approximately £80 million, and for a departmental staff made up almost entirely of expatriates, the ideal candidate will be a graduate chartered accountant in his early thirties, experienced in information systems, whose commercial judgement is buttressed by his professional skills. Salary £24,000 tax free + bonus. Ref MCS/3756.

Auditor

Responsible for an independent appraisal review of accounting financial and operational controls, for developing a programme for auditing the data processing procedures and systems planned for installation, for auditing the security of the hospitals computer operations, he will be a young chartered accountant, trained in one of the larger firms, used to following computerised audit trails and able to present recommendations simply and clearly. Salary £16,000 tax free + bonus. Ref MCS/3757.

These appointments are challenging ones in an area of accelerating economic development. The operating base is Riyadh. The environment is cosmopolitan and the standard of living as expressed in terms of material comfort is high.

Contracts are for two years with four weeks leave every six months. Generous fringe benefits include free first class air travel, top class accommodation, education allowance and children's holiday passages.

Please send a curriculum vitae to David Prosser, Executive Selection Division, Southwark Towers, 22 London Bridge Street, London SE1 8SY, quoting the relevant reference. Letters will be acknowledged and forwarded to the client. List separately any organisation to which you do not wish your curriculum vitae to be sent.

Price Waterhouse
Associates

Financial Controller

South Coast c. £10,000 + car

This UK company is part of a highly successful group which is a world leader in its range of precision engineering products used throughout industry. In Britain, it has a turnover exceeding £20m and two manufacturing companies, one of which is located in Sussex. The Financial Controller will take full responsibility for the accounting function at this site and for certain administrative services including security and on-line computer operations. Reporting to a main Board director, the person appointed will also work in close conjunction with the head of production in controlling buying and personnel matters. An initial involvement will be a major extension to

the factory. Candidates, aged 30 to 40, should have an accounting qualification with experience in managing the function, preferably in engineering. Salary will be negotiable around £10,000 with a car and good fringe benefits.

PA Personnel Services AA51/6941/IFT.

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

Senior Financial Analyst—Consumer Retail Credit

This is an opportunity to make a substantial contribution at the formative stage of a vigorous and expanding operation.

Based in our Kensington offices, Retail Services Division is developing the retail credit card arm of Citibank Trust, the UK finance subsidiary of Citibank N.A., which is one of the world's largest international banks.

The man or woman we need will assist the Financial Analyst Manager in developing financial and management reporting systems and support senior management in maintaining the profit profile through this period of rapid growth.

You should be between 25-30,

probably possess a major accounting qualification or MBA and must have a high level of expertise in financial control, planning and analysis gained within a sophisticated large company environment. You will also have the resilience and maturity to maintain a high standard of professionalism in a fast moving operation.

In return we can offer good career prospects, a first class salary and valuable benefits including low cost mortgage and personal loans. Please write to Angela Wadlow at Citibank Trust Ltd., Retail Services Division, 364-366 High Street, Kensington, London W14, with full career details.

Citibank Trust

Economist

Up to £7,500

We have a vacancy for an experienced Business Economist, aged 25-29, in our Economic Analysis Section.

This team, based in the City, provides advice to Senior Management to assist in day-to-day decision-making and Corporate Planning. Specific responsibilities include reporting on developments in the U.K. economy, particularly in the financial sector, and producing forecasts of bank deposits, advances and key interest and exchange rates. In addition, there is considerable scope for research with practical application.

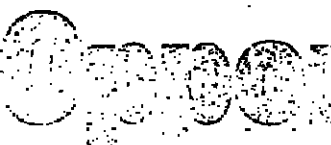
We are looking for someone with a good degree in economics and a sound knowledge of econometrics and statistics. Post graduate experience should include at least two years in business forecasting, preferably in the financial sector. Some knowledge of computer applications would be an advantage. A practical approach to solving management problems and the ability to communicate the results of technical work to non-specialists are essential.

Starting salary will be in the range £5,500 to £7,500 per annum (including London Allowance), depending upon qualifications and experience. Additional benefits include profit-sharing and other schemes usual in the banking industry.

Please write or telephone for an application form to:

V. J. R. Connolly,
Graduate Appointments Officer,
Personnel Division,
Recruitment Department,
National Westminster Bank Limited,
P.O. Box 297,
12 Throgmorton Avenue, London EC2P 2ES.
Telephone: 01-628 9888 ext. 380 or 483.

National Westminster Bank



FAST GROWING international public company are seeking to expand their top management team. An opportunity for organised and profit-orientated people to become involved in an exciting and fulfilling role.

FINANCIAL DIRECTOR (FD)

Probably already holding a similar post with a sizeable quoted company, or perhaps a major subsidiary of such a group. Enthusiasm and a capacity for hard work are required to play a major role in the development of the Group at top level.

COMPANY SECRETARY (CS)

Professionally qualified. Will probably have gained appropriate experience with a public group. To play an important part on the main and subsidiary boards. An interesting and challenging position with a wide variety of duties.

FINANCIAL DIRECTOR—Hong Kong based (HK)

For the Group's largest manufacturing subsidiary which is in the exciting chip-based electronics industry, employing in excess of 1,000 people in two factories. As this subsidiary is only 51% owned, there will be a significant element of communication and representation of the Group's interests involved. Appropriate expatriate benefits are included offering a real opportunity to build up capital.

RETAIL MANAGER/DIRECTOR (RM)

Preferably with D.I.Y. background, although other retailing experience would be appropriate. To become involved with the Group's expanding D.I.Y. retailing interests. Franchise chain, and Shops within Shops.

DATA PROCESSING MANAGER (DP)

To organise and take charge of existing and currently being installed computers at seven sites, DEC 11/34's based, in an extremely sophisticated operation, including communication via modems. A challenging job with immense scope.

Salaries and conditions offered will match the seniority of each appointment and will not be a limiting factor for the right people.

Applications will be treated in the strictest confidence. Envelopes should be marked with appropriate reference quoted in brackets and addressed to:

Mr. A. J. Leboff
S. LEBOFF (FOBEL) LTD.
Hyde House,
Colindale,
London, NW9 6LG.

**DIRECTOR
MANAGEMENT
CONSULTANCY**

Central London Base
negotiable to £16,000 + car

We have been retained by a medium sized, nationally based firm of Chartered Accountants who plan to appoint a Director to set up an independent Management Consultancy.

Reporting to the Practice Partners, the Director will have responsibility for planning, managing and developing the company's services which will initially be financially orientated. However, important aspects of the appointment will include defining the subsequent parameters of operation and undertaking a broader business role, in particular the active marketing of consultancy services.

Probably aged in their early 30's and preferably graduates, candidates will be qualified accountants who have a broad base of experience in practice and industry, followed by a period with a recognised consultancy. They should have a strong personal presence, together with a creative, committed approach and the successful candidate will possess outstanding management and communication skills.

For further information concerning this appointment candidates should submit a curriculum vitae or write requesting a personal history form to Nigel V. Smith, A.C.A., or Kevin Byrne, B.A. quoting reference 2499.

Commercial Division
Douglas Lumb Associates Ltd.
Accountancy & Management Recruitment Consultants
410, Strand, London WC2R 0NS. Tel: 01-638 6521
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041 226 3401
3, Castle Place, Edinburgh EH3 7AA. Tel: 031 226 7444

**GROUP FINANCE
DIRECTOR**

Thames Valley £15,000

Our client is a privately owned group of companies with predominantly structural engineering interests. It has a growing export market worth several millions of pounds arising from a number of UK locations.

The new position of Group Finance Director has been created to centralise responsibility for the development and execution of financial policies, plans and procedures for this expanding and necessarily complex organisation.

Suitable candidates will already have had extensive experience of senior financial management in well organised groups with manufacturing or fabricating interests. They will be qualified accountants probably aged between 35 and 45.

Please send brief personal and career details to Douglas G. Mizon, 57 Chiswell Street, London EC1Y 4SY.

Whitney Murray & Co.
Turquand Barton Mayhew & Co.

The Department of Development of the London Borough of Brent, engaged on a dynamic programme of construction, is multi-professional: Architects, Engineers, Planners, Quantity Surveyors, Valuers and Central Administration, engaged on a major programme of works. The Chief Administrative Officer will be starting in June 1979 and we are looking for someone of proven managerial ability, sound administrative background and financial competence to succeed him.

**Chief
Administrative
Officer**

Administration can suggest boredom but with you will not be bored. You will need to be an innovator with flair and versatility, able to foresee the requirements of the Department and devise systems to meet them.

You will be responsible solely to the Director of Development for all administrative, management and clerical services within the Department, and will attend management and Council Committee meetings.

Competence in financial matters is necessary but extensive management experience with proven ability to motivate and manage a large work force engaged in a variety of duties is essential.

Salary Grade in PO2A range £7,365 to £8,109 pa inclusive. Generous Relocation expenses available.

Application forms from the Administration Manager, Room 702, Brent House, High Road, Wembley, Middlesex returnable 29th June. Telephone 01-903 0371 (24 hour Answering Service). Reference number D/79/JD must be quoted.

London Borough of
BRENT

**ADMINISTRATOR
SOLICITORS**

Head of Administration required by substantial firm of solicitors to assume responsibility for all non-legal staff and services. The successful applicant will have a degree or professional qualification in Management or related studies and will also have had five to ten years' administrative experience in a similar organisation employing over 200 persons. You will be expected to participate fully in the development of an expanding modern Partnership.

Generous salary and conditions negotiable

Apply with full Curriculum Vitae to:
Box A.6794, Financial Times
10 Cannon Street, EC4P 4BY

Top Executive

If you are finding your talents under-used we can help

In the serious business of marketing yourself, MINSTIE provides individual and comprehensive career counselling. Every step is achieved. After evaluating your full potential, we will help you to achieve it. We will help you to achieve it with material individually tailored to your needs, and as professionals we will ensure that you are fully understood by our client. preliminary assessment. MINSTIE 28 Bolton Street

استاذة جلف

YOUNG ACMA FOR INTERNATIONAL BANK

London

to £8,000 +
low cost mortgage

Our client is the London branch of one of the world's leading banking groups. Expansion and promotion has led to the requirement for an ACMA to strengthen the bank's accounting function.

Supervising a small department, the Accountant will be involved in costing, profitability studies and pricing over a range of the bank's services. Working closely with senior management, he/she will additionally be expected to contribute to further development of management information systems. Promotion prospects are excellent and could be within banking operations or within the financial function.

Applicants should ideally be graduate ACMA's with post qualification experience in industry or commerce. Please telephone or write to David Hogg FCA, quoting reference 11852.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

INTERNATIONAL CORPORATE FINANCE £15,000 min.

You are a merchant banker and you enjoy a successful track record of generating profit from corporate finance business.

You have probably gained specialist experience, such as in Project Finance Management, with a major international bank.

You are in your early thirties and have already achieved a self-generated professional banking expertise in a particular business sector or geographical area.

Your present position does not allow you to pursue potential transactions, or to complete business you have initiated.

You now wish to join a small, flexible, highly profitable team and complement the bank's rapid expansion. This appointment is City-based and will involve overseas travel.

By ability to identify, secure and conclude business by yourself is most important. The level of salary will generously reflect this, and will be reached by negotiation.

Please contact, in confidence, Jack S. Pine, M.A. Consultant. Ref: 2404.

David Clark Associates
100, Strand, London WC2R 0JH
Telephone: 01-222 1111

Stockbroker development situation

Our Client, a leading Institutional Broker, with considerable international connections, seek a 'generalist' sales person on their UK Equity Desk to work at near Partner level. Their marketing approach is based on a combination of personality, their knowledge of the institutional market and their commitment to research - they feature strongly in research surveys.

You could already be a Partner but are more likely to be working in a senior capacity either in an Institutional Sales role or as a Private Client Fund Manager. The essential ingredient is that you will have some five years' S.E. experience, a great deal of personal charisma and the ability to sell at Principal level both to London and International clients.

Our Client offers a very generous remuneration package and a definite commitment to long term development.

Please reply in absolute confidence (names not released without your permission) to Colin Barry at Overton Shirley and Barry (Management Consultants), 2nd Floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP. Telephone: 01-353 1169.

Overton Shirley
and Barry

Oil and Gas Exploration

Onshore

Taylor Woodrow Construction Limited, the operating company of a newly formed Oil and Gas Exploration Group, wish to appoint the following senior personnel to join their team supervising an extensive onshore exploration programme in the United Kingdom.

Drilling Engineer

Reporting to the Project Director his/her responsibilities will be divided between planning and control activities in London and supervision on site.

Work will include planning of the drilling programme, negotiations with contractors and supervision during the drilling phase. Good man-management and proven experience of cost control are essential.

Candidates should have at least 8-10 years experience in drilling and workover operations and must be qualified to Degree level in Mechanical or Petroleum Engineering.

Senior Geologist

The Senior Geologist will be responsible for carrying out regional and detailed geological studies and recommend appropriate programmes for future exploration. He/she will define the geological objectives for an onshore drilling programme and be responsible for monitoring the geological data obtained from drilling.

He/she will report to the Project Director and be based in London although visits to field locations will be required.

Candidates should have a University Degree in Geology and at least 10 years experience in field work and sub-surface geology.

These senior positions offer excellent salaries plus company cars and the kind of conditions of employment and fringe benefits to be expected from a large international organisation.

For more information please write giving brief details of age, experience and career to date to Personnel Manager (Ref. RCP), Taylor Woodrow Construction Limited, 345 Ruislip Road, Southall, Middx. 01-575 4596.

Construction

Taylor
Woodrow

INTERNATIONAL CORPORATE AUDIT Frankfurt based to D.M.70,000+ Excellent benefits

Our client, is an expanding and diversified multi-national corporation with production and marketing facilities in thirty countries.

Following the expansion of the corporate audit function, the company seeks to appoint a Senior Auditor who will assume responsibility for supervising the audit procedures, both operational and financial. Travelling some 60% of the time throughout central Western Europe and Scandinavia, candidates will have the opportunity to return home each weekend.

Candidates will be qualified accountants probably aged 27-32, with at least two years post-qualifying experience auditing large companies with advanced accounting and reporting systems. They will have the maturity and commitment to succeed within a highly motivated team, dealing with multi-disciplined senior management. Successful candidates will be able to communicate effectively in either German or both German and Swedish.

Prospects for promotion to line management positions within the group are excellent.

For more detailed information and a personal history form, please contact Neville Mills, A.C.I.S., or Howard Amos, B.A. as soon as possible quoting reference number 2489.

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An established Company in this field wishes to recruit further executives to supplement existing team. Previous experience in the financial field is desirable, but energy and application may override.

Please send brief details of career to date to:

Box A, 678b, Financial Times
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Ref. 40934

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For details of the benefits and a full specification please contact Richard Wilson, Consultant.

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Initially he/she will be expected to teach the following subjects to Stage II level of the Institute of Bankers Examinations:

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Finance of International Trade

Organisation

The Appointee will be expected to help in the development of all teaching and training programmes as the training course for international trainees develops and also assist in the creation and development of training courses for UK-based staff.

The Appointee - will ideally be aged 30-35 and will be either a professionally-qualified banker with teaching experience or a graduate in the relevant subjects with extensive teaching experience.

Terms of service negotiable, but the Appointee will be offered a competitive salary plus the benefits associated with working in a large banking organisation.

Please send full details of qualifications, previous experience and present salary to:

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A competitive salary and profit-sharing package will be offered to the right person, and future rewards will match the success achieved. Replies in strictest confidence to Box A6800, Financial Times, 10, Cannon Street, EC4P 4BY with details of career to date.

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Passenger Vehicle Division,

P.A. Pickley, Organisation and

Financial Planning Manager,

Passenger Vehicle Division,

Leyland Vehicles Limited,

100, Victoria Road, Bolton,

Lancashire, B22 4NL.



A FINANCIAL TIMES SURVEY ACCOUNTANCY

JULY 3 1979

The Financial Times is planning to publish a Survey on Accountancy. The provisional editorial synopsis is set out below.

Introduction: The accountancy profession is nowadays pre-occupied with the questions of standards. These have been issued by the profession for a decade, but increasingly the old order is losing credibility. The Watts Report outlines alternatives to the present system. Is it time the profession gave up the standards-setting role?

Craving for Leadership: Chartered Accountants still talk admiringly about the great leaders of the past. Many say there are no leaders of their calibre at the top of the profession or even in prospect today. Is this because the big firms are turning away from the professional Institute?

Inflation Accounting: The new Morpeth proposals are out and the debate has started again. Will accountants ever agree on an inflation accounting system? Prospects for developing Morpeth Mark II. Will the Government have to intervene again?

Auditing - the Growing Credibility Gap: An accounting academic was heard recently to regret that he had not stayed in the auditing profession. Certainly auditing is widely regarded to be one of the most lucrative franchises in Britain today. But what is the value of a watchdog which rarely barks?

Company Accounting Policies: Some of the less formal accounting policies adopted in company accounts during 1978-79. Currency translation, extraordinary items, inflation accounting adjustments in historic cost accounts are just some of the areas involved.

Accounting Firms - the Big and the Small: Are "big" and "international" no longer quite so attractive? The shape of the UK profession in the eighties.

The Main Accounting Bodies: Where is the Consultative Committee of Accountancy Bodies (CCAB) going? Are the Certifieds, and, to a lesser extent, the Cost and Management Institute, still playing the numbers game with their students?

The Small Firm: With something like 9,000 individual accounting firms in Britain there is clearly a demand for the small firm. What is business like these days? How much does tax work contribute to fee income?

Education:

For further information and details of advertising rates please contact:

Michael Hills
Financial Times, Bracken House
10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000 Ext. 538

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Our Client also has a requirement for someone with a similar background but at a lower level. Initial salary in this case will be £7,000-£9,000. Ref. AM11341/FT.

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The successful candidate, male or female, will hold a law degree, preferably from an English or American university, and have a minimum of 5 years' experience in international contracts law and familiarity with capital goods contracts, ideally with a supplier or major service company to the oil industry or in the purchasing department of an oil company. Fluency in written and spoken English is essential.

Replies should be sent before July 15, with detailed cv and photo to:

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A graduate Accountant is required to perform all phases of audit work from initial contract to report. A minimum of two years' experience in a public accounting company leading to a Chartered Accountancy qualification. (Ref. T093)

Telephone Windsor 57929 (24 hour answering) or write quoting ref. to:

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A Times & A Week, Windsor, Berkshire**Area Manager
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The Company is a leading London confirming house forming part of a substantial and diverse international group with worldwide financial, trading and commercial interests.

Encouraged by the success of operations in its traditional markets, the Company has decided to appoint a further Area Manager to expand its activities in Spain and Latin America. To have the necessary background for this challenging role, candidates will probably have had experience in a confirming house or merchant banking environment, conducting business negotiations of a Senior level. A good deal of travelling will be involved and a thorough knowledge of Spanish is required.

The appointee, male or female, will be able to draw on the experience of the existing management team and on the resources of the various constituent members of the Group with their widespread international connections. An attractive compensation package will be negotiated with the successful candidate.

Replies containing brief career details should be sent to:

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Our Client is a medium sized company with annual sales around £4m, engaged in the fabrication and site erection of high quality pipework for the oil, gas and process industries, and is a subsidiary of a profitable public group. Rapid recent expansion has resulted in the promotion of the present Managing Director and the need for an outstandingly competent successor. The prime requirement is for someone aged 40-55 with substantial commercial and manufacturing experience preferably gained in a 200 to 500 employee

Five Figure Salary +

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Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

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Location—Home Counties. Age limits 35-45. Candidates—male or female—should write in strict confidence, or telephone with details of career achievement, qualifications, and present salary to Paul Simha, quoting reference number C 3303, Jackson Taylor Executive Consultants Limited, Canva House, Dingwall Road, Croydon, Surrey, CR9 3RS. Telephone: 01-881 5631. (24-hr. Answerphone).

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If you're interested, please phone or write to The Senior Recruitment Officer, IAL, Aeradio House, Hayes Road, Southall, Middlesex. Tel: 01-574 8021 quoting ref. 101/5.

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London EC3A 7AN**CENTRE FOR EUROPEAN
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The CEAS is increasing its research activities in the European agri-food industry sector, and is seeking to appoint a Research Officer to take an initiative in developing this field. This person will be a graduate and is likely to have had experience in organising economic or marketing research, although other academic or commercial experience may be relevant. He/she will have a good working knowledge of at least two European languages, one of which is English. The appointment could be made within one of the British University salary scales for academically related staff depending on age, qualifications and experience. Further particulars from The Secretary, Wye College, Wye, Ashford, Kent TN26 3AN. Applications to be received by the Secretary by 31st August 1979.

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The appointment offers an attractive salary, incentive bonus, company car and the usual large company benefits. Applicants currently earning less than £10,000 are unlikely to have gained the necessary experience.

Please write in confidence giving full details of your age, qualifications, career history and salary progression to date, stating the names of any organisation to whom your letter may not be sent, to: K. W. Causton, Ref. 455/FT.

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The Candidate

A qualified accountant, aged from 30, whose audit experience could have been gained with a large professional practice, or in the internal audit department of an industrial or commercial group. Limited U.K. travel will be involved.

Fringe benefits are good, as are prospects for advancement. Relocation expenses will be paid. Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to J. G. Cameron, Executive Selection Division, Ref. C356 at the address below. Please include a daytime telephone number at which you may be contacted.

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Please reply to Box A.6799, Financial Times, 10 Cannon Street, EC4P 4BY.

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We will expect you to be a Chartered or Certified Accountant with considerable auditing experience and it will be useful if this extends to sophisticated systems, accounting and/or computer. Applicants must feel confident that they have the ability to recognise and deal with the problems of senior management. There will be a reasonable amount of travel.

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Systems Development Accountant £9,000 — £10,500

To improve and develop cost effective accounting systems and policies throughout the BICC Group. Aged between 25 and 30 and a qualified ACA/ACMA/ACCA, you'll probably be a graduate whose post-qualification experience has included the design and implementation of accounting systems.

Young Financial Accountants £8,000 — £8,750

You will be responsible for plan-

ning and organising the interim and year-end consolidation of Group accounts, the analysis of all associated data submitted, and the incorporation of EEC Directives and company legislation into uniform accounting procedures. Aged between 23 and 27, you will undoubtedly be a graduate accountant looking for your first major opportunity in industry.

All these posts are based at our head office in London where you will be joining a young, multi-disciplined team in Group Finance. This department is concerned with all aspects of financial management, planning and control in a Group which has an unusually wide range of activities and presents every financial and accounting problem worth facing on an international scale.

Please write, with full details, to:
A. G. Weller, Chief Accountant,
BICC Limited,
P.O. Box No. 5, 21 Bloomsbury Street,
London WC1B 3QN.

BICC

Fund Management UK Equity Portfolio

This senior appointment is to join an internationally renowned industrial company and manage the UK equity portfolio of its pension fund, which is controlled by a small London-based team.

Candidates, preferably late 20's to mid 30's, should have at least four years' experience in fund management, involving UK equities, and knowledge of fixed interest, gilt-edged and overseas equity markets.

Salary negotiable to £10,000; relocation help and other benefits.

Please telephone (01-629 1844 at any time) or write — in confidence — for a personal history form. A. D. Russell ref. B.1294.

This opportunity is open to men and women.

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France Germany Holland Ireland Italy
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Sweden Switzerland U.S.A.

MSL

Management Selection Limited

International Management Consultants

17 Stratton Street London W1X 6DB

£6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on 5th June

Job Title	Salary	Location	Advertisers
Finance Manager	£7,000	Rural, Bucks.	Ortho
Management Consultant	£8,000 + substantial package	Nationwide	ICFC
Accountancy	£7,500 + Car	East Midlands	Hoggett Bowers
Divisional Accountant	£8,000	Buckinghamshire	PER Oxford
Chief Accountant	£7,500	East London	PER Chelmsford
Management Accountant	£8,000 + Car	WC2	Box No. A6780
Controller	£8,500	—	Churchill Personnel
Accountant	£7,500	—	Churchill Personnel
Accountant	£19,000	Bermuda	IPS Group (Consultants)
Chartered Accountant	—	London/Surrey	Box No. A6793
Chartered Accountant	—	London	F. H. Seoble & Assoc.
Management Accounting	£4,232/£8,452	Loughborough	Loughborough University
Group Accountant	£9,000 + Car	Luton	Ian Mackintosh Intl.
Merchant Banking	£8,000	Central London	Robert Half
ACA	£8,000	Central London	Robert Half
Young ACA	£7,500 + Bonus	Bucks.	Robert Half
International Auditor	£17,000	UK Based	American Express
Principal Auditor	£9,260 + Allowance	Tuvalu (Ellice Isles)	Crown Agents
Young Qualified Accountants	—	West of London	Taylor Woodrow Intl.
Young Chartered Accountant	to £7,500 + Benefits	London	Extel Recruitment
Group Accountant	£9,000	North London	Accountancy Personnel
PA to Chief Executive	£8,500	City	Senior Appis.
Accountant	£8,000	—	" " "
Supervisor	£8,000	—	" " "
Chief Accountant	£9,000 + Car	City	" " "

These advertisements appeared in the Financial Times on 12th June

Job Title	Salary	Location	Advertiser
Recently Qualified Accountant	£7,250 + (+Car)	W. London	David Clark Associates
Finance Management	£8,000 +	S. England	Personnel Advertising
Financial Accountant	£7,000 +	London	Royal Garden Hotel
Manager Inter-company Accounting	£7,500	Denham, Bucks.	Bank Xerox
Assistant Financial Controller	£7,750	Warwickshire	Overton Management
Accountant	Up to £8,000	Rural Surrey	Selection
Accountant	£19,000	Bermuda	Trevor James (Consultants)
Ambitious Accountant	£8,500	NW London	Robert Half
Insurance	£8,000 + Benefits	Surrey	Robert Half
Career Minded ACA	£8,000	C. London	Robert Half
Cost Accountant	£7,000 + Car	S.W. Essex	PER Chelmsford
Assistant Accountant	£5,000	S.W. Essex	PER Chelmsford
Management Accountant	£6,000-£7,000	Berkshire	Field & Sons
Management Accountant	—	SW4	UBH (Mechanical Services) Ltd.
Investment Accountant	—	Potters Bar	Albania Life Assurance Co. Ltd.
Assistant Cost Accountant	£5,000	Croydon	Listen on 01-499-9471

For further information see the FT of that date or telephone 01-248 8000 Ext. 526 or 01-248 5597

Contracts Controller

South Coast
c. £11,000

The Controller will report to the Managing Director and advise on the profitability of substantial contracts in the U.K. and overseas. This will require strengthening the existing systems and procedures to provide effective management information. Up to 20 per cent of the time will be spent out of the U.K.

The company, part of a major international group, has a turnover of £15m.

Candidates must be qualified accountants, aged over 30, and able to show a

number of years' experience in contract costing.

Fringe benefits are good and the starting salary will be negotiated to attract those with the highest expertise.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to A.C. Crompton quoting ref: 806/FT on both envelope and letter.

**Deloitte
Haskins + Sells**
Management Consultants

128 Queen Victoria Street, London EC4P 4JX

Finance Director

£18,000 + bonus, executive car and benefits

Our recent record profits have confirmed our re-emergence as a leading international office equipment manufacturer. Much however remains to be done to consolidate our market position and to develop further. We are now looking for a highly qualified Finance Director to join the main board of the Twinlock Group.

The ideal candidate will be aged between 40-50 and will have a record of success as a Finance Director in industry with proven ability in the following areas: control of manufacturing and selling companies in the UK and overseas, cost accounting of manufacturing operations, computing, and evaluation of investments and acquisitions. In addition the post calls for considerable

commercial flair and the personality of the new director must be such that he/she will be seen as a dynamic and forceful leader both by staff and board room colleagues. The remuneration package is made up of a high basic salary, participation in an executive bonus scheme, quality company car and other fringe benefits associated with such a senior appointment. The job will be based at the Group's headquarters in Beckenham, Kent and reports to the Group Managing Director. Applicants are requested to write with full details to: The Managing Director, Twinlock Limited, 36 Croydon Road, Beckenham, Kent who will be happy to provide further details at that time.

Twinlock

Group Company Secretary

up to £13,000 plus car

Farey Holdings Limited heads a group comprising a number of companies engaged in advanced engineering. The group is profitable, financially strong and planning expansion. Besides secretarial responsibilities the man or woman appointed will handle the group's legal, insurance and pension requirements. Applicants should therefore be Solicitors, preferably with 3 or 4 years post-qualification commercial or industrial experience, and some exposure to business acquisitions and property work would be an advantage. The person appointed must have the personal qualities

required to contribute at Board level and is likely to be in the age range 30-40. The appointment will be based at Heston in Middlesex. The remuneration package could be up to £13,000 pa. In addition a car will be provided and there is a non-contributory BUPA scheme and a contributory pension and life assurance scheme. Applications with full details of qualifications and career should be marked 'Confidential' and addressed to: The Finance Director, Farey Holdings Limited, Cranford Lane, Heston, Hounslow, Middlesex TW5 9NQ.



Managing Director

Vibration and Noise Control

Cementation (Muffelite) Limited is a well established and expanding Company in the field of vibration and noise control, primarily in the aerospace, engineering, electronic and construction industries, and supplies markets both in the UK and overseas. Based at Walton-on-Thames the Company employs 120 people and has a turnover of approximately £2 million per annum increasing.

Candidates, preferably aged 35-50, will be General Managers experienced at board level and already controlling a successful operation in an allied industry. The emphasis is on maintaining profit momentum both through organic growth and by acquisition.

Please send career details for the personal attention of The Chairman, Cementation (Muffelite) Limited, c/o Cementation Specialist Holdings Limited, Maple Cross, Nr. Rickmansworth, Herts.

Leasing Brokers

London + Manchester c.£12,000 + car

A unique opportunity to join the financial side of an expanding group of companies writing substantial amounts of commercial vehicle leasing business.

You will probably be in your 30's and have a wide experience of financial affairs. This post could well suit a successful businessman, leasing or finance broker. Extensive contacts with private and corporate lessors would be an additional advantage.

The remuneration package will be tailored to the individual but will provide the successful person with a yearly income of at least £12,000 plus a company car.

Phone: Bruce Pope, (01) 235 7030, Ext. 31.
(Answering service out of hours: (01) 235 6938).
PER, 4/5 Grosvenor Place, London SW1X 7BS.

PER
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Applications are welcome from both men and women.

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We are a leading firm of stockbrokers on the Centre-File system who wish to recruit the following staff:

SENIOR RIGHTS CLERK
An experienced clerk to join as a senior member of the team in our Special Settlement Division.

MARKET ACCOUNTING CLERK
An experienced clerk is required to undertake market accounting under Talsman. This is a permanent position and training will be given on Talsman if necessary.

To apply please telephone 01-236 3996

TECHNICAL MANAGER

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BRUSSELS, BELGIUM

Our company belongs to one of the leading processors of edible oils and fats in Europe. We are involved in the industrial development of vegetable oil and fats industries in a number of developing countries.

We need to strengthen our team with a qualified technical, or chemical engineer, preferably of British nationality, and willing to be permanently based in Brussels.

The function involves the preparation of technical engineering studies; evaluation, selection and costing of processes and equipment; selection of suppliers; guidance and supervision of detailed engineering work, as well as time-limited technical assistance missions overseas.

The profile
The person we are looking for has proven experience in oils and fats processing, refining, margarine production and packaging. This experience should ideally include former responsibilities in plant construction and management. He should be aged between 35-45, preferably bilingual (English/French) and willing to travel extensively.

The reward
The successful candidate will be granted a salary commensurate with his abilities and the responsibility of the function. Assistance in relocating from the UK to Belgium will be provided.

Please write, in confidence, with details of career and present remuneration to:

Mr. Chris P. Gerhardt, Managing Director
BEFICO S.A.

Place du Champ de Mars, 5 - Boite 28
B - 1050 Brussels, Belgium

Bayer UK Limited, part of the International Bayer Group needs a qualified Accountant for their Management and Financial Services Division in Richmond Surrey. If you are a qualified accountant this will be an excellent opportunity to make a real contribution to the company's future.

Chief Financial Accountant - Surrey

Reporting directly to the Divisional Director you will be responsible for the preparation of consolidated financial accounts, management of the Accounts Department and developing and improving the accounting systems.

You should, preferably, have experience in a multi-divisional operation using computer systems and should display initiative and an ability to communicate with all levels of management.

Preferred age, early thirties. The salary is negotiable. Company benefits include company car, pension scheme, private medical insurance and relocation expenses, if appropriate. Please write or telephone for an application form to:

Mrs. E. Hubbick,
Personnel Department,
Bayer UK Limited,
Bayer House,
Richmond,
Surrey TW9 1SL
Tel: 01-940 6077

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Investment Analyst

Applications are invited from men and women between 22 and 28 years of age to join a small department dealing with the investment of the Philips and Pye Pension Fund.

The job is to carry out a continuous reviewing programme of the portfolio of Ordinary Shares and to formulate and execute ideas for new investment.

A degree or equivalent qualification would be an advantage; some related work experience is necessary.

Salary will be commensurate with age and experience; attractive conditions of employment including over four weeks' holiday.

Please telephone for an application form or write with brief details to Personnel Department, Philips Industries, Arundel Great Court, Arundel Street, London WC2R 3DT, Tel: 01-836 4550 Ext. 504.



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A FAST DEVELOPING INTERNATIONAL BANK
Invites applications for the following executive position:

COMMODITIES MANAGER

— Qualified applicants will have considerable operational experience and excellent relations in the field.
— Post will be based in Paris with extensive travelling abroad.
— The candidate chosen will be responsible for a large geographical area in Europe.
— Fluency in French & English essential, other languages appreciated (German, Spanish).
— Remuneration and other terms of employment will be in line with best international banking practice.
— Applications, containing full correct details and salary history, which will be treated in confidence, should be addressed to Box F.1118, Financial Times, 10, Cannon Street EC4P 4DF.

Group Financial Director

This is an opportunity to join the Board of a vigorously independent public group—turnover in the £25m to £35m range—and to contribute to its growth and diversification. Products are consumer and industrial; the brand name is universally known; technical and financial resources are strong.

The emphasis will be on central finance, control and general management contribution although funding and the secretarial function will be embraced. The infrastructure of control—modern systems, profit centre organisation and in-house computing—is well developed; the essential need now is high quality leadership in this area and an authoritative financial voice in the overall direction of the group.

Candidates, aged probably around 35, must be chartered accountants with successful experience, at least at financial controller level, in a relevantly sized manufacturing organisation which is strongly profit orientated. Starting remuneration about £17,000, exceptionally higher, plus car and other benefits. Location: easily accessible central Midlands.

Please write—in confidence—with brief career details to P. Saunders ref. B.211.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada
France Germany Holland Ireland Italy
New Zealand South Africa South America
Sweden Switzerland U.S.A.

Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

Finance Director Designate

Engineering Products

The company, part of a UK £600m diversified group, manufactures products and systems for the international oil and gas industries. Turnover at around £22m is expected to reach £35m within two years, 40% coming from its US subsidiary.

The Finance Director Designate will be responsible for company finances and computer services and have functional control of divisional accountants at home and overseas. A key task initially will be to improve and co-ordinate financial and reporting systems. On satisfactory completion of 6 to 9 months' service a board appointment will be offered.

Candidates should be qualified accountants with at least five years' relevant senior experience in the engineering industry.

Salary negotiable around £11,500 plus car. Location Berkshire.

Please send brief details—in confidence—to David Bennell ref. B.43593.

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HARROW COLLEGE OF HIGHER EDUCATION FACULTY OF SOCIAL SCIENCES (School of Business and Social Studies) Lecturer in Banking

Required from 1st September 1979, a Lecturer 1/1 (two posts), dependent on age and experience, to join a team of staff concerned with the teaching and administration of Banking courses, especially the IOB Stage II and Financial Studies Diploma.

The person appointed will be expected to contribute to the teaching of at least two of the following: Practice, Elements, Law, Relating and Investment for the Institute of Bankers' Examinations.

Applicants should be graduates and/or professionally qualified (AIB).

Salary at appropriate point on the Burnham Scale (1978) £3,192-£6,538 plus London Weighting (£474). An increase in the salary scale of approx. 10 per cent is anticipated.

Application forms and further details are obtainable from the Principal, Harrow College of Higher Education, Watford Road, Northwick Park, Harrow HA1 3TP. Tel: 01-844 5422, Ext. 32, to whom the forms should be returned within 14 days from the appearance of this advertisement.

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We can help you find the right situation if you are in the wrong one. With the right people for the right reasons.

For a confidential discussion with our commitment ring Donal Han, 01-734 0752 or write to:

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Career Management People,
Kent House, 82 Regent Street,
London, W1, and at Manchester

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REQUIRED PART III

Experienced in Business Press

Legal and Accountant

Write Box 45781, Financial Times, 10 Cannon Street, EC4P 4DF

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Send resume to Box A.5001, Financial Times, 10 Cannon Street, EC4P 4DF

Self-initiated

Our clients, a leading company of City Stockbrokers, is seeking staff for its expanding Japanese Department

Institutional Sales

The ideal candidate would be aged 26-30 with experience of servicing institutional fund managers. Knowledge of the Japanese market would be an advantage, but is not essential as comprehensive training would be provided.

Investment Analyst

To join a lively, go-ahead team specialising in the Japanese Market. The ideal candidate should be aged 26-30 and have had previous investment analytical experience, though not necessarily in the Japanese sector.

Salaries are negotiable but at fully competitive rates. Please contact, in the first instance,

DELLA FRANKLIN ALANGATE AGENCY
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All enquiries are treated in the strictest confidence

Management Accountant - Analyst

Berkshire to £8,500

Ampex Corporation, a world leader in analogue and digital data recording technology, has been designated the official supplier of video recording and magnetic tape products to the 1980 Moscow Olympics. This new post arises in the European Headquarters at Reading, reporting to the European Controller, with responsibility for the analysis of subsidiary company results, budgetary control and asset management. This is a challenging opportunity for a young accountant with an appreciation of multi-national accounting practice and reporting discipline.

Relevant experience and analytical ability are more important than formal qualifications. Some travel envisaged. Good pension and related benefits, plus relocation assistance.

Contact Clive Legg or Joan Feaver, Ampex Great Britain Limited, Acre Road, Reading, Berks. Telephone 0734 85200.

Lloyd Chapman Advertising

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Interacting position for someone with leading background. Experience. Appropriate training given. Early 20s. Good prospects in expanding area.

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c.£8500

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The successful applicant will have proven experience either with a Lloyd's Syndicate or with a firm of Chartered Accountants, specialising in this field.

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Part of the top management team, responsibilities include financial management; project control; administration, some consulting.

Competitive salary and benefits with opportunity for equity and profit participation.

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Write in confidence, with personal and career details to:
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A Managing Director is sought for a company operating a chain of retail shops throughout the United Kingdom selling own brand goods with little opposition. The company has embarked upon a programme of expansion and new units will continue to be opened into the foreseeable future.

Ideal applicants will probably be in mid-30's, possibly graduates, almost certainly qualified accountants with a knowledge of commerce in general and marketing in particular. Salary will be related to profitability and will be well into five figures; a company car will be provided with a first-class Pension Scheme and G.U.P.A. insurance as additional attractions.

Hopefully, the appointee would take up duties from 1st September, 1979.

Full c.v. should be sent in confidence to:
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Financial Times, 10 Cannon Street, London EC4P 4BY.

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The Council of Lincoln College, a University of Cambridge, is seeking a Chair in Marketing in the Department of Economics.

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Applications should be sent to the Secretary of the Council, Lincoln College, 10, Gordon Square, London WC1H 0DP, or to the Registrar of the University.

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Young graduates with 2 to 3 years experience to assist in developing and maintaining a lending portfolio with major U.K. or U.S. banks.

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An opportunity to join the International Banking Department of Continental Bank.

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An attractive salary is offered together with an excellent benefits package, which includes a low interest rate mortgage facility plus non-contributory pension scheme.

Please telephone for an application form or send cv to: Stephen Bourne, Personnel Manager, Continental Illinois Corporation, 182 Queen Victoria Street, London EC4V 4BS. Tel: 01-236 7444.

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We offer a comprehensive training programme and trading opportunities in grain, meal, sugar, oil, metal and freight for

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Applications should be made in writing to The Personnel Manager:

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Four High Mill.	
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10in x 12in wide fixed speed Two High Mill.	Telex 33641
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Thursday June 14 1979

Looking over the hill

THE INITIAL reaction to the Budget shows a mixture of realism and short-sightedness. The Government has chosen to confront our problems with a monetary target which is several points below the expected rate of inflation, and at a time when corporate liquidity is already under pressure. This threatens a squeeze in the short term far more painful to industry than for some time past. If there is a sharper initial reaction from the TUC, there could be a fair amount of disruption as well as pressure on margins. Cost pressures are colliding with the market.

This possibly forbidding outlook has aroused second thoughts among some of the Government's supporters, in the City as well as outside. They argue that a squeeze on its own might have stood a better chance than a squeeze combined with a structural change in taxes which was bound to provoke equalitarians. We would still like to see the Government right to take the risk. The doctrine of unripe time, and all the other arguments for procrastination, invariably look prescient, thus over the years public spending is never effectively cut, a tax structure which Mr. Healey himself privately regarded as absurd survives, and the country's financial defences point, like the guns of Singapore, towards the past.

Whole-hog approach

If the problems are to be tackled at all, there is one very strong argument for a whole-hog approach: the adjustment, though painful, is largely complete. This means that after a turbulent winter, the outlook could be very different. The full-year effects of the tax changes and expenditure cuts already made will achieve a further large reduction in the borrowing requirement without the need for further unpopular action.

The new level of VAT will continue to supplement the revenue without any further shock to prices. This could provide a favourable setting for resumed growth, provided that hard experience has taught the meaning of life under real monetary constraint.

This involves not only a change in attitudes, but a change in the balance of industrial power. Years in which money gains have trained people to respond to a militant lead; they are more concerned with their relative position in the heap than with the total of

real output available to provide real incomes. Breaking this psychology—which has in fact been done in some enterprises—means bringing home the realities of risk and reward, which apply in the long run as much to employees as to their employers.

The current combination of cost pressures, credit restrictions and a high value for sterling will make the risks very obvious in concerns fully exposed to foreign competition. Elsewhere it could be a more brutal matter of resisting and defeating militancy. That is the unpleasant prospect for the near term.

More expensive

However, in one respect the Chancellor himself has run a risk: the balance between fiscal and monetary restraint has for the moment resulted in a level of interest rates, and a consequent level for sterling, which will put pressure on even the best-run and most productive enterprises. As we have frequently argued, crowding out in the credit markets is damaging to the real economy; a bigger fiscal contribution to monetary control is actually more expensive.

It is too early to form a clear judgment of the balance which Sir Geoffrey has struck. The gilt market, trying perhaps to look over the fiscal hill, initially rebounded quite vigorously yesterday after the first markdown. It may indeed prove that the high private demand for credit is a passing phase, reflecting the brief pre-Budget boom, and that balance will soon be restored. Adequate funding and a quick reversal of interest rates would be the proof of the balance chosen.

Reduce pressures

However, the upward pressure on sterling which has immediately resulted will itself, if sustained, compress margins and drive companies into heavier borrowing; and here there may be a case for a bolder attack on exchange controls than that outlined on Tuesday. In particular, there seems little case for restricting the finance of third-country trade to merchants; it is banks which could readily mobilise the sums which would reduce pressures, balance inflows and indeed assist monetary control.

The Chancellor cannot expect, after a bold change of course through stormy water, to plough on with no change of trim. The coming months will be a challenge to alert financial management.

A testing time for Turkey

THERE HAS been many a slip between the cup of the International Monetary Fund and the lip of Turkey. But finally yesterday, the IMF announced that the long-suspected agreement between the two had finally been declared. The 43 per cent devaluation of the Turkish lira on Monday had ended the differences on exchange rate policy.

Achilles heel

The World Bank is expected to make a credit of \$150m available to Turkey, while a further \$130m of aid and loans will be unlocked by an agreement between Turkey and the IMF: of this \$800m was pledged by OECD members two weeks ago and \$400m is expected from a group of Western banks. But the question remains whether this "emergency aid" and other funds will arrive in time to save the Government of Mr. Bulent Ecevit.

Economics was always his Achilles heel, and he inherited a full-blown economic crisis. Neither he nor his ministers came to full grips with the problems involved or acted boldly in the early months when their goodwill was high. Instead in their 17 months in office they have fallen at odds with almost all the groups that had voted for them in the 1977 elections. Trades unionists have seen some of their leaders arrested and promises to extend union rights not kept. Civil servants have seen their wages and salaries eroded by inflation. Industrialists have seen the government unable to bring social peace or ensure the supplies of raw materials necessary for their factories; many are openly transferring their allegiances to the right-wing parties which allowed the economic crisis to develop.

The farmers and peasants have seen their purchasing power reduced, while fuel shortages mean that long-discarded scythes are having to be sharpened for the harvest. Inflation exceeds 60 per cent, unemployment is over 20 per cent and factory usage was down 20 per cent in the year to last September—and has since fallen further. Yet in many ways Turkey has soldiered on. This fact is often presented as show-

ing the strength of Turkey's institutions.

But the weakness of the institutions involved in running the economy was glaringly apparent during the government's attempts to tackle the economic crisis. It is one of the reasons why the West, to Turkey's distaste, is seeking to involve itself in the country's planning. Further there is the question of whether either of the two main parties can provide the management which the Turkish economy needs. The opposition leader, Mr. Suleyman Demirel, has made it clear that whatever Mr. Ecevit does he will oppose.

Delays

It is a dangerous situation. So far the army has made it clear that it does not want a repeat of its involvement in politics in the martial law period of 1971-73—though some commanders, particularly in Istanbul, have been pushing for a harder line recently. The main opposition group is the Nationalist Action Party, a militant rightist party, a number of whose supporters have been found guilty of murdering their opponents. This has not yet won strong support outside the provinces of Central Anatolia. It is not in a position to seize power, though Mr. Demirel makes it clear he would be prepared to form a fresh coalition with the NAP.

Some Turkish businessmen and Western embassies would like to see a coalition of Mr. Ecevit and Mr. Demirel. This is hard to foresee and Turkey's best hopes seem to lie in the continuation in power of Mr. Ecevit. But it is uncertain whether any agreement with the IMF and international aid will come in time for him to consolidate his hold on power.

In part the West has been slow in waking up to the full dimensions of Turkey's crisis. In part the delays are Mr. Ecevit's own fault. But now he only has a short time to prove that he has more than words to offer to solve Turkey's problems—a proof which is sorely necessary both to prevent a further erosion of his strength in parliament and of parliament's in the country.

THERE ARE three group reasons why I don't like the Budget concerned with philosophy, tactics and economic strategy. But it might be simpler to start with one objective of Mrs. Thatcher's which I regard as abundantly justified: to achieve a reduction in the rate of inflation without resort to pay and prices controls or the more insidious temptation of wage guidelines, norms and the like.

The mere fact that wage controls do not have more than a temporary and self-reversing effect on inflation and cause untold damage in other spheres of policy will not prevent them from being used. The political, institutional, Whitehall, media and other pressures to take this course are enormous. A realisation that such controls are ultimately futile or damaging will not prevent a Government embarking on them if it finds itself with a wage explosion on its hands, and is desperately looking for quick relief.

The best way of avoiding the combination of runaway inflation ineffectively and temporarily dammed by wage controls is for the Government to do its level best not to get into this familiar dilemma in the first place. The successful avoidance of the familiar wages crunch would be such an important—and by British standards difficult and unique—achievement, that it deserves the single-minded pursuit of the whole Government machine.

But the present Government had another objective of greater initial political appeal: the immediate reduction by hook or by crook of the basic rate of Income Tax. The fact that I do not share this particular Tory shibboleth is not the point at issue—a much more basic, long-term approach to tax reduction will be outlined later in this article.

The immediate point is that it is not always possible to pursue all objectives simultaneously. Ministers think they are giving equal stress to all objectives. But in practice the income tax objective has been given priority both over counter-inflation and the avoidance of an autumn or winter wage freeze.

We have, of course, been here before. Mr. Brendan Sewell, a former head of the Conservative Research Department and then adviser to Lord Barber, has explained how he tried and failed to persuade the incoming Heath Administration to downgrade its other objectives in favour of counter-inflation. When he saw how rapidly inflation was taking off.

Plus ça change. If inflation had been running at 8 per cent as it appeared to be in 1973, there might have been little harm in trying a shift from Income Tax to VAT and explaining that the indirect price rise was once-for-all. It might then have been possible, in the National Institute's words, to "educate" wage bargainers out of the illusion of

looking at prices instead of net post-tax pay. But the world has changed radically. The likely 1979 rate of inflation was in any case at least 12 per cent. About half of this acceleration reflects higher world inflation—not only oil prices—and about half the fact that last year's 8 per cent inflation figure was a deceptive one, due to temporary factors—such as a much faster rise of wages than prices and a fall in real commodity prices—which could not have been expected to continue.

Changes in the inflation rate are as important as the rate itself. With the recorded rate of price increases moving up from 8 to 12 per cent, the prime task of economic statesmanship would have been to convince unions, employers, investors, foreign exchange dealers and the rest of us that this was not the beginning of a new acceleration towards the 20 per cent plus rates of the 1970s. Measures which are expected to raise the year-to-year price increase to 16 per cent if we are lucky—are not calculated to achieve this result. A great deal of this change in the inflation outlook took place over the election period after the present economic Ministers had already received their marching orders.

The point at issue is not whether VAT should have gone up to 15 per cent or slightly less. If I had been in Whitehall and had failed to get the strategy changed, I should have supported the 15 per cent rate on the grounds that one might as well be hung for a sheep as for a large lamb. The point is that it is the wrong sheep.

The shift to VAT has had another unfortunate effect—perhaps as important as that on the inflation prospects. Sir Geoffrey Howe began his Budget speech, with some crisp words on the need to shift from managing demand to improving the supply side of the economy, words which would have been extremely impressive if we had not heard them at the start of each new Administration since 1965. It is not new.

Unfortunately his actual measures to improve supply hardly went beyond the long-overdue reduction to 60 per cent of the top rate of tax earned income with corresponding adjustments lower down. This was about the least that a newly-installed Conservative Chancellor could have done, on an issue where political pressures and prejudices for once pointed in the same direction as the national interest. Many Labour Chancellors would have done the same if they dared.

But the major and specific change on the supply side, which the Government should have taken to raise all energy prices to the oil equivalent price level. The essence of a market economy is the use of the price mechanism—that is, changes in relative prices—to discourage the consumption of resources which have become scarce and to encour-

ECONOMIC VIEWPOINT

The reasons why I do not like the Budget

THE BUDGET IN A NUTSHELL

Effects on Public Sector Borrowing Requirement

	1979/80	£bn	Full year
Pension and Social Security increase	0.5	0.5	
Cut in Public Spending Programme†	+1.5	n.a.	
Cash limit curbs†	+1	n.a.	
Reduced Contingency Reserve*	+0.25	n.a.	
Conversion to current prices and other adjustments	+0.25	n.a.	
Assets Sales	+1	n.a.	
Total Expenditure effect	+4.0	n.a.	
Indexation of the personal allowances ("Rooker Wise")	-0.9	-1.0	
Further rise in allowances	-0.6	-0.8	
3 per cent Basic Rate reduction	-1.3	-1.4	
Higher rates: Rise in starting point and threshold, reduction in rates†	-0.5	-0.9	
Rise in Investment Income threshold	-0.3	-0.2	
Miscellaneous	-0.3	-	
Total Inland Revenue Change	-3.6	-4.3	
Unification of VAT at 15 per cent	+2.0	+4.2	
Increase in Oil Duties	+0.4	+0.5	
Total Customs and Excise change	+2.4	+4.7	
Grand Total	+2.8	n.a.	

* Actual cost on non-indexed basis is £1.1bn in 1979/80 and £1.7bn in full year. To be covered by social security contributions and the contingency reserve.

† At "1979" Survey Prices.

‡ Partly non-announced indexation.

n.a. means "not available."

N.B.—Gains to the "Exchequer" are shown as positive, costs are negative. Owing to the non-publication of expenditure changes on a comparable basis, the figures have had to be extracted on the approximate basis from the Chancellor's speech.

age the use of such resources where their social return is highest.

In the case of energy this requires not merely that British consumers should pay the world market price of oil but also equivalent prices for other fuels. One step towards this would have been something like an "energy equalisation surcharge" on gas prices. Instead we had the economically notorious statement that the fuel industries had been "asked to avoid as far as possible increases in fuel charges beyond those required to meet the cash limits announced by the previous Government." Hard on its heels came the announcement of no price increase for domestic gas—in all of which the Prime Minister is said to have played a personal part.

One can understand her desire to avoid still further increases in the RPI. But the dilemma arose from sticking to the planned Income Tax-VAT switch in place of more important measures made necessary by world changes. The whole episode is an object lesson in the distinction between the social market economy and Conservative partisan preferences. This is a distinction which was obscured when Labour was in office under Mr. Callaghan, who denounced market forces without giving us the faintest idea of what he would put in their place, but giving the wrong

impression that anyone who favoured using them was "extreme Right-wing."

But to come back to the inflation issue: if a risk is being taken with the RPI and there are no wage guidelines, it is all the more important to make sure that the monetary and fiscal limits are unmistakable and firm. Ministers believe that they stood up against very strong pressures to relax them. If so, this says something about the attitudes of the Treasury, the CBI and the economic establishment organ who presumably apply the pressure.

The actual PSBR and money supply targets are almost exactly those of Mr. Healey. (The slight reduction in the monetary target for June to April, 1980, is offset by the overshoot in April and May this year.) It is hypothetical to argue whether Mr. Healey would have stuck to his guns with the IMF receding into the distance and new Treasury figures increasing the cost—political and fiscal—of so doing. The point is that some reinforcement was needed.

It may be said that with so much inflation already in the pipeline the squeeze on the real money supply is extremely severe. A genuine problem does arise when there is a supposedly one-for-all increase in prices. Does one "accommodate" what has occurred at the risk of destroying credibility for all future declarations. Or does one risk putting an excessive squeeze on output, investment and em-



SIR DOUGLAS WARR
 Permanent Secretary at the Treasury

SIR GEOFFREY HOWE

playment?

The problem is insoluble so long as monetary targets are set on a short-term basis and then rolled over. The key to how far a monetary slowdown reduces inflation, and how far it merely produces a slump, is price expectations. The best chance of influencing these favourably is to have a medium-term plan in place—a phased reduction in monetary growth. It is not a question of working out in the first few weeks of office a scientific plan which can never be adjusted. There is precious little science about the whole exercise.

Mr. Healey took the first step in publishing short-term monetary targets over the dead bodies of half his advisers. It is up to Sir Geoffrey to take the second step with longer-term ones—the more he waits the more he will be put off with obfuscating detail. For those who are interested in political economy rather than partisan issues this is the present battlefield—just as it was once floating exchange rates and may be so again.

There has been little time so far to study the detail of the public expenditure changes. Perhaps it really was too late for more than a tougher interpretation of the "Joel Barnett" formula on cash limits, instead of realistic ones not based on an adjusted 5 per cent wage norm.

But a longer-term approach, even if it had not surfaced until next year, would have shown how to cut taxes genuinely, not merely switch them, and to do so in a specially acceptable way. The two areas where the state is providing massive subsidies without evidence of solid benefit—and much of economic waste—are "aid to industry" and housing. It is notable that the supposedly "extreme" Sir Keith Joseph has put his foot down most firmly against quick symbolic economies in favour of longer-term phasing out of misdirected expenditure.

The other area where even more public expenditure is even more clearly misdirected is housing. The Heseltine cuts do not touch the £1.5bn per annum of council rent subsidies (properly calculated, they are more, and clip only a bit off the £2bn spent on local authority home building and improvement. But influencing these favourably is would be quite unacceptable simply to phase out local authority subsidies while disguised public expenditure in the form of £2bn of tax reliefs on mortgage interest, insurance premiums and the like are paid out.

There is a consensus extending from Milton Friedman to Frank Field in favour of lower tax rates with fewer exemptions and special privileges—even though I would not expect the two to agree on the details of the tax progression. The key to genuine tax cuts is to phase out the whole bloc of local authority, Building Society, pension fund and associated special subsidies and reliefs.

The fact is that without any switch to VAT we already have a tax system which effectively exempts savings—but on an arbitrary set of assets, plant and equipment for companies and housing and pensions for individuals. With the end of all these privileges, there would be a genuine case—lacking at present—for a switch to expenditure taxes, and the savings would be there to do this by cutting income and corporate tax rather than by increasing anything else.

In summary, the Budget is more appealing to the Conservative than to the social market economist, especially when the two do not coincide. This should hardly be a cause for surprise or hurt on either side. The sooner it is realised that neither the monetary approach to inflation nor a desire to make more intelligent use of market forces cuts right across the normal Left-Right lines, the fewer misunderstandings there will be.

Samuel Britten

MEN AND MATTERS

John Pardoe—after the break

"I have never ever allowed myself to become a one-track mind," said John Pardoe philosophically. "Full time politicians are incredibly boring people—like Tony Benn and Harold Wilson... Dreadful." The former Liberal spokesman on economic affairs paused to consider the sheer awfulness of the idea.

Ousted from his North Cornwall seat at the general election, he has just become joint managing director of Sight and Sound Education, an international clerical and secretarial training organisation which he claims is the largest in the world. He also remains a director of Gerald Metals.

More significantly, perhaps, he is—like Shirley Williams—taking up a part-time post at the Policy Studies Institute, where he tells me he is reading everything that has ever been written about incomes policy. Tory policy he describes as "hokey". "I shouldn't be a bit surprised if there's a freeze before the end of '79. Some-

body has to prepare the crowd." His study, which is to be published by the PSI, will, he modestly assures me, be "the definitive work" on incomes policy.

Pardoe insists he is not making a decision for two years about whether to return to the political hurly-burly. "I've spent 20 years of my life knocking on doors. There's a tide in the affairs of men, so why not accept the change that's been forced on me by the good sense of the electors of North Cornwall? At least it's given me an opportunity to have a sabbatical, which every man of 44 ought to have. There are 1,001 things I want to do."

Staying mobile

Austria is suffering a minor raid on her oil reserves by the Russians. The card-carrying Soviet President, Leonid Brezhnev, has air-freighted his black Rolls-Royce to Vienna for this week-end's summit with President Carter. The shipment includes a quantity of Soviet Zils and several Mercedes. "It will depend on him which car he uses in Vienna. Maybe the other cars are needed for other members of the delegation," a Soviet spokesman said vaguely.

Conspicuous by its absence from the fleet is the Cadillac Richard Nixon added to the presidential collection in 1973, and the Lincoln Continental Brezhnev received a year later. Perhaps he felt it better not to offend Carter's sensibilities with this motorised reminder of his predecessor.

The Rolls is one of the few cars Brezhnev has actually paid for. His collection, most of it kept in the Crimea, includes at least eight vehicles donated by heads of state, at an average of about one a year. Citizens of Moscow are glad he does not take the wheel himself much these days. According to Nixon, who took a ride with him at Camp David in pre-Watergate days, Brezhnev's style of driving requires most of the road.

Iran exercise

Not merely the weather was sombre when 300 leading British businessmen met in London yesterday. They had gathered for a seminar on the outlook for exports to Iran, which until the Shah's demise was a mainstay of our exports.

One of the speakers was George McBain, director of the Irano-British Chamber of Commerce. He had flown back from Iran for the seminar. Although he doggedly returned to his Tehran office after the revolution, its future now seems in some doubt. Sir Anthony Parsons, formerly British Ambassador in Iran and now at the United Nations, urged the need to support the Chamber until prospects became more certain.

John Clarke, head of the contractors Marples Ridgway, expressed the general conviction that stability was the first essential before starting a contracting operation. He spoke feelingly of his own company's problems with payments and work permits in road-building projects.

Bob's £70,000

Secretary-general Robert Steel may find it difficult to sit still at his desk on Monday, when he gets back to work at the Royal Institution of Chartered Surveyors in Parliament Square. This weekend he will have completed a 1,000-mile walk from John O'Groats to Land's End, raising in the process nearly £70,000 for the institution's benevolent fund.

Steel, aged 59, has given up his annual holiday for this sponsored walk, during which he has averaged almost 30 miles a day over hills, paths, forest tracks and public footpaths. He has the satisfaction of establishing a British record for the money raised by a solo walker. Meeting him at Land's End will be Vincent Falmouth, the president of the institution, Peter Grafton. Also there will be Robert Caton, of the RCIS Benevolent Fund. "Money has

poured in from our 50,000 members, in response to Bob Steel's effort," says Caton. "A lot has come from Canada and America." He assures me, as well, that there are many elderly or jobless surveyors in need of help.

Art injection

A week ago, Norman St. John Stevas told heads of the Arts Council that funds from Government might have to be restricted, and so it has turned out. But he also promised that efforts would be made to stimulate further sponsorship of the arts by business, as a compensation.

The first step has just been made. Marks and Spencer approached the Arts Council yesterday with an offer to investigate a major scheme to sponsor community arts—such events as street theatre projects and giant murals—of St. Michael's.

Check-out men

The post-Budget spending spree has its unravelling side. Credit information in Manchester, which is the doctory guardian of old items of information—county court judgments, bankruptcies, attachments of earnings—tells me his telephone switchboard was jammed all day yesterday with calls from nervous store managers. "We are having to stay open late on Saturday and all day Sunday to process the inquiries." Apparently the spending boom, or at least doubts about creditworthiness, has so far been more pronounced in Scotland and the Midlands than in London.

Bakerloo chivalry

A housewife of my acquaintance boarded a crowded Tube train with two heavy bags full of shopping. After she had stood for several minutes, a youth sitting near her said sympathetically: "Don't worry, love, they'll all be getting out at the next station."

Observer

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Tackling the telephone tangle

A MOST important and difficult industrial task facing the government in Italy is to lead its telecommunications industry through a collision of multinational technology and national interest.

It is a conflict familiar to France, Germany, and the UK which have all watched their telephone systems become obsolete under the pressure of computer technology. In all three countries the response has been overwhelmingly nationalistic to develop their own systems behind the pallidities of protectionism.

The peculiar organisation of Italy's telephone system—based on five formerly autonomous regions—has, however, prevented a purely chauvinist approach. Three multinationals, ITT (International Telephone and Telegraph), L. M. Ericsson and General Telephone Electronics, are entrenched with between them about half the market for switching equipment. So the battle between conflicting systems, which in France and Britain was fought behind closed doors, has in Italy, opened to the open. Because the strength of the multinationals in Italy the realignments which many observers think inevitable may well cause important efforts to spread throughout Europe.

The issues at stake are becoming important to the Government because the telecommunications service is the largest single investor in new equipment and the manufacturers are major employers, especially in the depressed southern regions. Moreover public opinion is beginning to be fed up with the long wait for a telephone to be connected to the telephone network. Many thousands of jobs are at stake by the new computer technology, which it is estimated, will require only a third of the direct factory

workers compared with the numbers making the older electro-mechanical exchange equipment. Overall employment is expected to be reduced by about half. Of the 37,000 people employed in switching, perhaps 15,000 will have to go in the next decade.

The Italian administration, like those in almost all other European countries, pins its hopes on increasing exports as a way of saving some of the jobs which would otherwise be lost. And like most other developed countries, it has to decide whether to build these hopes on a nationally designed system or whether to use national purchasing power to lever the best deal possible out of one of the multinationals. The Italians have decided on a compromise which conceptually is less tidy than the solutions preferred in France and the UK, but not necessarily less workable.

In France, the Government forced the two multinationals, ITT and Ericsson, to sell out their main subsidiaries to Thomson CSF which used the plant and the expertise acquired to develop its own computer controlled exchange system, in competition with that of CIT-Alcatel. In Britain, the Post Office has corralled the ITT subsidiary, Standard Telephones Cables, into a joint development programme with Plessey and the General Electric Company of the famous System X family of computerised exchanges.

The Italians have allowed the three multinationals to adapt their own systems to the requirements of the Italian market, while the state-owned SIT-Siemens (nationalised after the war) has embarked on the difficult job of developing its own system from scratch.

The already congested market has been further complicated by the emergence of a fifth company on the switch-

ITALY'S TELEPHONE SWITCHING SUPPLIERS
(Share of total lines installed 1977)

Supplier	%
SIT-Siemens (Italian state-controlled)	59
General Telephone Electronics (U.S.)	13.3
FACE (ITT subsidiary, U.S.)	15.3
FATME (L. M. Ericsson, Sweden)	19.4

Source: FATME

ing scene. Telettra, a subsidiary of Fiat, which has hitherto confined itself to transmission equipment. The computer techniques used in transmission have, however, led Telettra towards the development of exchanges for the public telephone network.

The state controlled telephone operating company SIP and the industry ministry have both said they would like to see fewer separate systems in Italy, but the question of how this should be achieved is far from being resolved.

Yet if Italy is serious about wishing to obtain a slice of the fiercely disputed international market for computer controlled exchanges, it would seem that some rationalisation is inevitable and urgent.

Dr. Giancarlo Lizzeri, special adviser to the ministry who has just completed a 500 page study of the industry, believes reorganisation is long overdue. He thinks the industry is likely to come under increasing political pressure as ministers begin to understand the enormous social and technological changes which the introduction of computers is causing.

It is one symptom of this lethargy that the politically unpopular decision to raise telephone tariffs has been shelved so long that SIP has been forced to make a 35 per cent cut in its investment programme during the first part of

this year. Although SIP's asset position is secure, and its profitability can doubtless be restored by the necessary increase to phone charges, its difficulties show how delicately the fortunes of the whole industry are poised upon political decision.

In Italy, with roughly the same population as France and a slightly lower telephone density, the ordering of new exchange equipment is running at only about 600,000 new lines a year, less than a third of the volume of orders in France. Last year the number of lines in Italy was about 11m compared with 12.2m in France and 15m in the UK. The most obvious consequence is that SIT-Siemens supplying just over 300,000 lines a year, has a very small home base compared with its international rivals, from which to develop a fully digital computer-controlled system.

The magnitude of the task should not be underestimated. Computer programmes of great complexity are needed, not just to control the exchanges themselves, but for a whole range of routines for maintenance, testing and manufacture. Every circuit board and every sub-assembly of a computerised exchange has to be tested by machines which are themselves controlled by computers. And design is made even more complicated by the fact that the system must be capable of adapting to the astonishingly

rapid advance of micro-electronics technology. The development costs for most modern systems have been around \$400m to \$500m, and almost all the development programming have run into fearsome problems in making the jigsaw of computer programmes fit together.

It is hardly surprising, therefore, that all three multinationals in Italy are several years ahead of SIT-Siemens. Ericsson has enjoyed worldwide success selling its AXE computer controlled system, which it is now modifying to become fully digital. That means that in addition to computer control of the switching sequences, the telephone conversations themselves are converted into the digits (pulses) of computer language. When this stage is reached electrically operated mechanical switches can be dispensed with altogether. Instead, telephone calls in digital form can be switched in the micro-circuit circuits of a computer itself.

Ericsson's Italian subsidiary, FATME, is already able to make the larger AXE exchanges in fully digital form to meet the special requirements of the Italian network. Fully digital local exchanges are also likely to be available soon.

Similarly, ITT's Italian subsidiary, FACE, will be able to offer an Italianised version of the fully digital System 13 which is being developed by ITT on a worldwide basis. GTE can also draw on a comparatively long experience of digital systems from its U.S. operations. Its task in Italy would therefore be adaptation rather than invention.

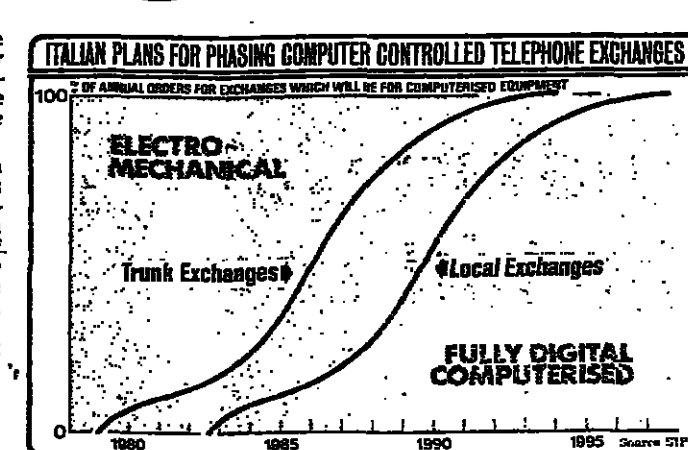
That leaves the two Italian owned companies SIT-Siemens and Telettra, whose expertise is in many ways complementary. SIT-Siemens has long experience, based on a licence from German Siemens, of making electro-mechanical

exchanges. Telettra, on the other hand, has grown rapidly by exploiting its skills in electronics, but has very little experience of telephone switching.

Both companies have been pursuing parallel developments in electronic switching. However, the main thrust has been the programme for a series of exchanges called Proteo. The early versions of Proteo are small terminal exchanges which are not fully digital. However, Dr. Giorgio Villa, managing director of the company, says he expects a fully digital version to be available by 1982-83. In official circles, however, doubts have been expressed about whether the company will in fact be able to keep to its timetable. And although the company has so far funded the \$150m development programme itself, there is more than a little anxiety whether it can stay the pace alone against the experienced and heavyweight international competition.

If, for example, Fiat, through its subsidiary Telettra, should form a joint venture with GTE, SIT-Siemens would be faced with a formidable competitor in financial, technical and political dimensions. Telettra has been talking to GTE, and even signed an agreement for technical co-operation whilst at the same time conducting delicate negotiations with SIT-Siemens. It now seems probable that a three-way technical link up will be agreed, designed to produce a single system for the Italian market. However, it is less clear whether this can be achieved by an exchange of technology alone, or whether some tighter financial and managerial bonding will be needed.

One possibility, said to have been discussed informally, would be for Fiat to take the lead by offering to buy GTE's subsidiaries in Italy and possibly also those in Spain and Belgium. However, both



companies deny that this is the subject of serious negotiations. Strong behind the scenes political pressure might be needed to achieve so dramatic a re-organisation, but the Government does hold the trump card of ultimate power over the flow of funds into the industry.

The state-owned operating company, SIP, can also place orders where it wishes. So far, however, SIP has played a relatively passive role. It has said that it would like the suppliers to rationalise, but meanwhile it has indicated that it does not expect to make any major changes to market share for switching equipment.

The major constraint on SIP's freedom to change its ordering pattern is that any reduction of orders to one company could lead to a catastrophic loss of jobs in some parts of Italy.

However, the official policy of pressing the multinationals to export more appears to be having some success. For example, FATME, the Ericsson subsidiary, has increased its exports from only 3 per cent of sales in 1976 to an expected 15 per cent this year. Moreover, Ericsson has agreed to make FATME one of its main centres

making computer processors for the large AXE exchanges. Although the AXE will eventually be replaced by the Proteo family, this business is expected to last until 1987.

A considerable proportion of FATME's exports are in fact a direct result of its parent company's decision to order equipment from Italy rather than to make it in Sweden. Such production decisions will in future have a large political element in all companies during the next few years, and not in Italy alone.

Since the Italian Government's strategy depends crucially on promoting exports from the telecommunications industry, it is confronted with a delicate dilemma. Should its main emphasis be to press Ericsson, GTE and ITT to use their technology and international marketing strengths for Italy's benefit? Or should it channel its energy into helping SIT-Siemens achieve a position from which it could be a credible exporter of its own fully computerised system? For even if the system failed to be exportable, it could still be used as a lever on the multinationals to improve their exporting performance.

District heating

in the Chairman, P Group Consultants.

Mr. Neil Muir (June 7), once again to the primary saving target. Combining heat and power generation, together with incineration of municipal garbage, could save to £2bn a year. All other as for energy saving are insubstantial by comparison.

The recent conference in the House of Commons on Heat Distribution in the UK—showed vividly how successful this technique can be. Organisation has more than 3,000 district heating schemes, many of which are combined heat and power (CHP). Although full statistics are not available, there must be several million families enjoying a heat and power, and several countries producing this form of energy are making very substantial fuel savings.

The ratio of heat to power is 1:1, and CHP makes use of all increments. Single purpose electricity generation wastes the heat. Mr. Muir holds the electricity industry to blame. There is, in fact, an odd dichotomy. At a conference in the UK, Mr. Muir of the Electricity Council said there is no disputing the Council recognises a demand for diversion of wasted heat to useful purposes—and went on to discuss critical steps in an atmosphere of complete acceptance.

At the same conference, Mr. Muir of the Central Electricity Generating Board denied his paper to an admission to conversion, even of the best turbo-alternator sets to CHP working, is economic and ethical.

In spite of this very considerable change of attitude by the electricity industry, and the fact that the Midlands Electricity Board at Hereford where CHP is being installed, there is other obvious move to begin action needed, unless state intervention is made by other industry bodies asking for implementation of the proposed new Act. The removal of the electricity Council would have sent an excellent opportunity to put an Energy Bill in its place, as has been gestured in these columns for some time. We could have a CHP if the Bill had not been thrown out on a political basis. Apart from this, all the moves were largely in agreement. If the present Government is not prepared to go further, then it should go as

use of fuel and nuclear power with continued waste of two-thirds of the heat generated. If this were well enough recognised and well enough understood, the electricity industry would leave little doubt about preference. No research is needed, no more and rather less pollution would result; employment would be widespread, not concentrated as with nuclear building.

The Marshall Committee's final report on CHP is due to be published at any moment. The majority of the membership represents the electricity industry and many of us wonder how this dichotomy will show itself in the report, wonder with some apprehension and some amusement at the dilemma facing the Electricity Council after so many warnings.

S. Jewsbury.

CHP Group Consultants, 1, Brazenose Street, Manchester.

Rationing petrol

From Mr. C. Bingley

Sir,—Your editorial (June 12) on energy policy is quite right in its comments on conservation.

You might have added that where a reduction in consumption of only 5 per cent to 10 per cent is required to ensure that fuel stocks go round—hardly more than the eradication of fuel-wastage—coupon rationing for the private motorist can make a useful contribution to conservation.

Ration allowances can be quite generous, but the advantages to fuel-conservation are twofold. With a known petrol allowance, a motorist can plan ahead and cut out unnecessary short trips. Rationing should prevent garages running out of fuel, so that the waste now incurred by driving round and round in search of an open garage and then queuing while the engine running would be avoided. Making the lowest denomination of coupon for two gallons would also cut out much of the topping-up which is currently and unnecessarily depleting garage stocks. I speak with feeling, having recently wasted nearly a gallon of petrol in vain search of an open garage in west London.

Clive Bingley, 16, Pembroke Road, W11.

Fuel and the railways

From Mr. R. Houghton

Sir,—Mr. P. R. Warner (June 11) raises one of the great "ifs" of the post war era. If only we had established a think tank to at least look ahead to the enormous industrial and social development that has taken place, our railways could have been developed to carry all the long haul freight which now goes by road and which now by implication is using so much diesel.

The statistics quoted by Mr. R. Foster (also June 11) serve to illustrate the savings that could have been made. Is it too late to take imaginative steps to cope with the problem? It is unlikely that the next 30 years will see much reduction in industry's long range haulage called "going" rate for other requirements both internally

Letters to the Editor

and from the ports. A proper development of the railways with this object in mind, must surely be one of the answers for the future.

May I add a further point of my own, commenting on the decision by Swedish railways to reduce rail fares by 30 per cent? If British Rail wanted to increase its profits it should consider the merits of filling the seats on long-distance trains, so many of which we can see for ourselves remain empty, by reducing rather than raising the cost of fares. Not only would this help to fill the trains but it would take some of the petrol-eating motorists off the roads and thus provide at least a double benefit.

R. W. Houghton, Tord Hall, Huntworth, Bridgnorth, Shropshire.

CHP Group Consultants, 1, Brazenose Street, Manchester.

No policy for energy

From Mr. N. Beale

Sir,—Despite its title, your leading article of June 12 does manage to mix faint praise with criticism of Mr. David Howell's policy, as you seem reluctant to come down too firmly on either side of the fence separating "market economy" from planning and state intervention. But this leads you into adopting some astonishing postures.

You urge "cosmetic" restrictions upon energy use, even though you admit that the actual savings might be relatively small. Do you also believe that the costs and inevitable rigidities of a control system would be negligible?

You call for a "statement of energy situation" overall, not just now but in ten years' time. Have you forgotten that previous attempts by HMG to peer into the future have been falsified almost before the ink was dry?

Official energy policy in the 1950s assumed that crude oil would soon become scarce and expensive. In fact, for the next decade, it was both plentiful and cheap. Again, just before the 1973 Organisation of Petroleum Exporting Countries crisis, the responsible department opined that oil prices were likely to remain steady or even fall in real terms in the foreseeable future.

No, Sir! Mr. Howell is to be congratulated on his firm refusal to be stampeded by the interventionists—including, alas, some in his own party—as well as the upper ranks of industry. Mrs. Thatcher's Government was elected precisely to turn its back upon the years of Socialism, whether of the Labour or Conservative variety.

Neville Beale, Chelsea Towers, Chelsea Manor Street, SW3.

Paying out at the bank

From the Honorary Membership Secretary, Standard Chartered Bank, Banking Insurance and Finance Union

Sir,—The clearing banks' latest pay offer to staff of 11 per cent new money plus £200 extra allowance for inner London (worth a further 4 per cent on a salary of £5,000) may seem generous in terms of the so-called "industrial" pay settlements. Because the banks' offer is in

excess of that "going" rate I hope that staff will not run away with the idea that it represents a good settlement. The shortfall in salaries over recent years vis-à-vis the retail price index is currently running at anything up to 35 per cent with the higher paid bearing the brunt.

Bank staff are losing considerable ground in their battle to keep up with the steadily rising cost of living—and this is before any consideration of increases in real terms which are easily justified by high profitability within the industry.

Of course, if the usual happens and the staff associations accept the offer then it may be that bank staff generally will be forced to take another massive drop in their living standards.

What is really needed is a reasonably generous settlement—say 20 per cent for all—plus a copper-bottomed guarantee of future realistic annual increases to take account not only of the movement in the RPI, but also of healthy profitability within the banking industry.

J. E. Nokes, 49, Clifton Road, Ashington, Nr. Rochford, Essex.

Distraught Wintonians

From Messrs. G. Dove and M. Shuttleworth

Sir,—Having read Mr. Kenyon's report (June 11) on the Winchester College production of Purcell's "King Arthur," as Wintonians and Wykehamists we were distraught to notice that he thinks that the statue in the city's main street is that of King Arthur! In fact, the statue to which we presume he is referring is of King Alfred.

As Mr. Kenyon mentioned in his report, Winchester has a cathedral which is celebrating its 900th anniversary this year. For this reason we think that he could at least refer to Winchester as a "city," not just a "town."

We would also like to point out that it was the men of Winchester College, not the "boys of Winchester School," who staged this production.

Giles Dove, Mark Shuttleworth, Sergeant's House, Winchester College, Winchester, Hants.

Good pay for good work

From Mr. T. Atherton

Sir,—Reads of nationalised industries have been grossly underpaid before tax, after tax and in their inability to accumulate capital for many years. Their responsibilities are enormous—their net rewards even now are quite insufficient to provide them with the degree of personal financial independence necessary to withstand effectively the frequently disastrous effects of political interference.

I have never understood why personal financial sacrifice should be one of the essential qualifications for those asked to bear such responsibilities.

T. G. F. Atherton, Aragon House, Santon, Isle of Man.

GENERAL

UK: Sir Keith Joseph, Industry Secretary, speaks at Engineering Industries Association lunch, London.

Labour Party publishes Shadow Cabinet list.

Mr. Gordon Richardson, Governor of the Bank of England, gives Henry Thornton lecture at City University.

Harvard Business School sixth European conference, London.

NALGO conference continues, Blackpool.

CORSE conference continues, Bridlington.

Scottish Area NUM debates pay, Dundee.

To-day's Events

Prince Philip opens Department of Industry symposium on use of wind-assisted ships, London.

President Daniel arap Moi of Kenya gives banquet for the Queen, Claridges.

Council of Engineering Institutions publishes report on professional engineers and the trade unions.

Metropolitan Police annual report published.

Banking and Finance Study Group of the Operational Research Society meeting on electronic funds transfer, London.

Princess Margaret's jewellery sale, Sotheby's.

Memorial service for Sir Leon Barnett, Marble Arch Synagogue, 8 pm.

Overseas: European Central bankers meet in Basel (last day).

Indian Prime Minister Morarji Desai starts three-day visit to Poland.

King Juan Carlos and Queen Sofia of Spain start three-day official visit to Morocco.

Colombian President Julio

Cesar Turbay Ayala concludes official visit to Paris.

OFFICIAL STATISTICS

Survey of short-term export prospects (to end of 1979). UK banks' assets and liabilities and the money stock (mid-May).

London dollar and sterling certificates of deposit (mid-May).

PARLIAMENTARY BUSINESS

House of Commons: Budget debate, third day.

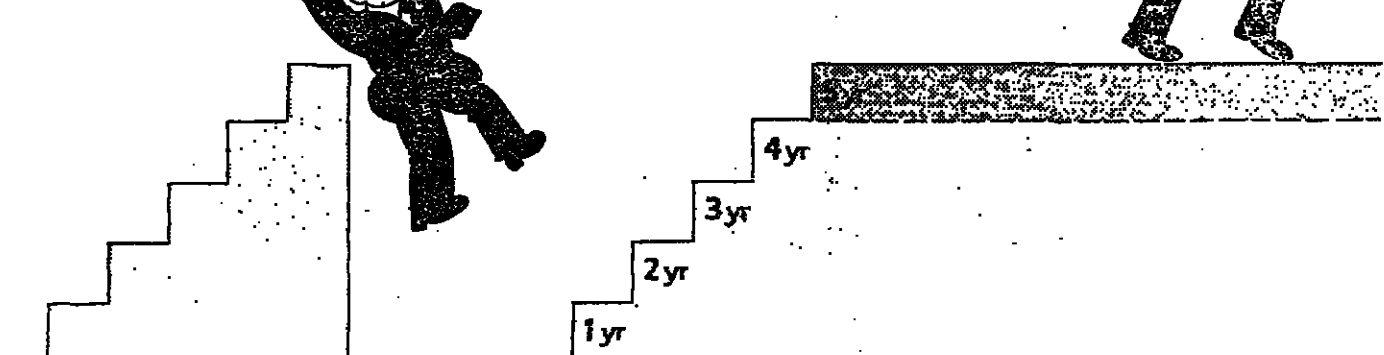
House of Lords: Four private Bills, Marriage (Enabling) Bill, second reading; Kibaki Independence Bill, second reading.

COMPANY RESULTS AND MEETINGS

See Company News on Page 30.

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5th year onwards	10.00	10.00	10.00	10.00	10.00

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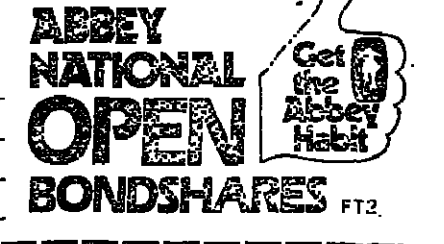
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Westland back to profit with £5.2m at midway

A PROFIT of £5.2m has been achieved by Westland Aircraft in the half year ended March 31 1979. This follows a turnaround from a profit of £5.8m to a loss of £2.36m in 1977-78. These results were struck after losses and provisions of £16.2m (£8.5m) on the Lynx helicopter and Super 4 hovercraft.

This is the first time that interim results have been published and Lord Aldington, the chairman, says it should not be assumed that there is any normal pattern between a full year's result and that for the half year.

Trading in the first half has been satisfactory throughout the group both in turnover — which totalled £57.1m — and profit. Provisions at September 30, 1978 for the Lynx and Super 4 seem certain to cover all related costs, says the chairman.

The half year profit is subject to tax of £915,000. Minorities of £488,000 and an extraordinary item of £1m. This latter figure is to meet any damages in case a High Court judgement against the company is upheld. This is in respect of a dispute with Vickers over the basis of settlement of a contract for the building of two Lynx helicopters.

Judgement was given on June 6 on the preliminary question of whether a contract was made in or about 1970 at a defined price as alleged. The Board intends to appeal.

An analysis of turnover and trading surplus of £5.56m by activity shows (1980's omitted):— helicopters £67,887 and £23,318 hovercraft £1,084 and £282 loss, environmental control etc. £10,535 and £1,710, doors £4,568 and £379, and other products £3,405 and £438.

The attributable profit came



Lord Aldington, chairman of Westland Aircraft

through at £5.81m and earnings per 25p share are stated at 4.7p. An interim dividend of 1p is declared — in 1977-78 only a final of 1p was paid.

Referring to the Egyptian helicopter business, Lord Aldington said yesterday: "The legal position is that the contract remains. But we are aware of the views of various parties who would like to see changes."

He added that Westland had a "good understanding relationship with both sides of the dispute" and said that there was no cause for concern about the financial position of the contract at present. "There is no reason to believe that we will be left with no Lynx orders from the Arab states."

In his interim report the chairman says that the Ministry of Defence has added 20 of the up-rated version to its previous Lynx orders. The group is to add a transport version to the Lynx range. Research and development costs written off up to March 31 1978 amounted to £3.7m of which £1.2m has been charged in the half year.

During the half year hovercraft effort was concentrated on the second Super 4, which was delivered to British Rail in May but not included in the half year's turnover. Both Super 4 craft are performing well and useful orders have been received for the SRN 6.

See Lex

HIGHLIGHTS

Lex dissects the cause of the row that broke out in the gilded security market yesterday over the pitching of the price of the long tap. The column examines Westland which has broken tradition by issuing an interim statement. Halfway profits amounted to £5.2m before tax. On the bid front, the fast-moving dealing vehicle Birmingham and Midland Counties Trust placed its 51 per cent stake in Habit Precision Engineering while H. Brauner and a subsidiary of Borg-Warner have shelved their proposed deal. International Timber started the rights issue momentum once again with a call for £6.3m but profits were broadly flat last year if the contribution from Bamberger and property disposals is excluded. Wedgwood's annual results had been widely anticipated and the pottery group suffered heavy debt servicing costs and adverse exchange rate movements.

CompAir halftime decline is £1.1m

AS FOREWARNED at February's annual meeting, midyear profits of CompAir have fallen compared with the same period last year. Pre-tax surplus fell from £5.72m to £4.62m for the April 1, 1979, half-year on external sales 10 per cent higher at £78.2m, taking account of the exclusion of Hutman Nigeria and the inclusion of Watts.

The directors say most group companies performed well in generally adverse conditions. However, the profits shortfall reflected setbacks in sales of portable compressors and allied plant, which suffered from the loss of the important Iranian market and from the effects of industrial disputes in the UK.

The net interim dividend is unchanged at 1.55p per 25p share and the Board believes it prudent to defer consideration of any increase until full year results are known — last year's total was 4.0366p on £11.33m taxable profit.

Currently, demand for industrial products at home and overseas is particularly encouraging and measures taken to develop additional business for construction equipment are expected to yield some benefits ahead of any general upturn in activity, the directors state.

Although trading prospects for the latter part of the year appear good, the added scope for improvement in profits is difficult to assess in view of the uncertain outlook in some key markets.

	1978-79	1977-78
External sales	78,152	71,587
Interest paid	2,265	8,803
Depreciation	1,544	1,401
Share of assets	1,682	1,488
Profit before tax	4,618	5,777
Tax	2,347	3,002
Minority interest	31	14
Attributable	12,340	2,701
Includes £210,000 in respect of Watts.		

● comment
CompAir's underlying first half performance is hidden behind a

confusing curtain of events such as the Ford strike (which disrupted the supply of engines for compressors), the Iran revolution (which eliminated an annual \$5m to \$6m export market), a first time contribution from the U.S. based Watts Fluid Power group, the deconsolidation of Nigeria and exchange movements. But these factors cannot disguise the reality of growing pressure on margins from increasing competition and a downturn in demand. The strong pound coupled with an accelerating rate of inflation and the likelihood of high wage demands will tighten the pinch in the immediate to medium term making it very unlikely that the company will be able to post a full year figure much over £10m (last year £11.3m). The shares dropped 2p to 75p yesterday giving a prospective fully taxed pe of 8.5 and a yield (assuming unchanged gross dividend) of 5.2 per cent. CompAir's management has had a good profit track record, but that alone will not suffice in its increasingly soft share price.

Continuous Stationery at £0.25m.

WITH SECOND-HALF profits virtually the same as those achieved in the first six months, Continuous Stationery ended the March 31, 1979, year up from £181,758 to £246,448 pre-tax. Turnover rose some £0.3m to £2.75m.

When reporting first-half profits about 8 per cent higher at £123,276, the directors forecast that this level of profitability would be continued for the second six months. The company prints computer stationery.

Yearly earnings per 10p share were up from 3.82p to 4.89p, while the total dividend is raised to 2.75p (2.82p) net, with a final of 1.88p.

Tax took £129,210 (£98,242) giving net profits ahead from £93,516 to £117,238. Dividends absorb £69,500 against £63,000.

Comparative figures have been restated due to a change in accounting policies relating to deferred tax and freehold depreciation.

Intl. Timber 44% ahead: planning £6.33m rights

FOLLOWING ON a 44.5 per cent jump in pre-tax profit for 1978/79 International Timber Corporation plans to raise some £6.33m by way of a one-for-four rights issue.

The issue — the first by the company for seven years — is aimed at producing funds to cut short-term borrowings and to strengthen the balance as a base for future organic growth and, possibly, for expansion through more acquisitions.

It involves the issue of 5.76m new shares, which will be offered at 110p. This compares with yesterday's closing price of 138p, down 5p on the day, and a 109p to 146p range seen so far in 1979. Last year at the group spent £3.8m on acquisitions, including £2.6m as part of the cost of buying Bambergers, panel product distributor. ITC is currently aiming to spend £625,000 in purchasing premises at Smeeth Lane, Avonmouth, from May and Hassell.

By the end of March this year total group borrowings had reached £28m, compared with £20.5m 12 months earlier, with bank overdrafts and acceptances at £14.2m (£5.6m).

A £1.93m advance in the second half, including a five-month contribution from Bambergers of £0.71m, lifted group profit for the year to March 31, 1979, from £5.57m to £8.05m. Sales were £32.7m higher at £167.4m with £22.9m from Bambergers.

After tax of £3.51m (£3.07m) stated earnings per 25p were up at 21.5p (16.2p) basic, or 21.5p (14.8p) fully diluted.

The net total dividend is stepped up to 5.0865p (3.035p) by a 5.0865p final with ACT at the new 30 per cent rate. The Board intends to increase the gross payment by 10 per cent for the current year on the enlarged capital.

During 1978-79 higher world timber prices were offset in the UK by the strengthening of sterling and demand improved, des-

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corr. of dividend	Total dividend	Total last year
British Benzol	1.4	July 31	0.6	2	0.6
Castlefield (Kings) Int.	1.4	Aug. 31	1.65	3.05	3.35
CompAir	1.58	Aug. 7	1.62	3.2	4.04
Continuous Stationery	1.38	—	0.45	1.83	2.52
Country & New Town	0.45	—	0.45	0.9	0.65
Edbro	0.78	Sept. 3	4.28	5.06	5.31
International Timber	5.09	Oct. 5	4.28	9.37	7.04
Killinghall	1.5	July 31	—	1.5	1.2
RKT	0.48	July 30	—	0.48	1.54
Rowlinson Construction	0.48	—	0.48	0.96	0.61
Sasatchi and Sasatchi Int.	1.37	—	1.37	2.74	3.3
Scottish Amer. Inv. Int.	1	July 31	0.9	1.9	2.95
U.S. & Gen. Tst.	38	July 16	1.78	39.78	6.83
J. W. Wassall	0.48	July 25	0.24	0.72	0.44
Wedgwood	2.43	July 19	1.99	4.42	2.74
W. Brom. Spring	0.8	—	0.71	1.51	0.97
Westland	1.7	July 27	2.05	3.75	3

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ On capital to 1-for-2 scrip. § To reduce disparity. ¶ Second interim of 1.5p forecast.

pite an almost unchanged level of activity in the construction industry.

However, results for the final quarter were disappointing with trading seriously affected by the weather and the national haulage strike.

The pick up in trading seen in March has continued into the current period and for the first seven weeks sales were ahead 18.2 per cent on the similar period of last year, including Bambergers in both totals.

The rights issue is being underwritten by Hill Samuel and the brokers are Casanova and Co. Provisional allotment letters will be posted to stockholders today and dealings in the new shares will begin, nil paid, on June 15.

● comment
The strikes and bad weather in

International Timber's financial quarter could have cost the group £0.75m, even so the £2.5m growth in pre-tax profits is disappointing. Strip out an extra £1m of property profits and a first time contribution of £0.7m from the Bambergers acquisition and the rest of the group showed little growth. This poor performance plus the £8.3m rights issue, a rather small 10 per cent increase in the dividend explains why the shares fell 5p to 126p last night. This year, with timber prices rising, there should be scope for some handsome stock profits. The International Timber, which was as big as Montague Meyer at the beginning of the early 1970's, has performed sluggishly over the years and a yield of 9 per cent at the ex-rights price underlines the market's uncertainty about the group's future prospects.

Country and New Town improves

Profits before tax of Country and New Town Properties rose slightly from £458,248 in £460,504 in the year ended January 31, 1978. At the attributable level, there was a recovery from losses of £23,245 to a £3,142 profit.

Mr. G. M. Newton, chairman, says the group is cautiously optimistic for the current year but he expects steady progress in the following year "as everything indicates an all round improvement."

The final dividend is main-

tained at 0.45p per share to give an unchanged total of 0.65p.

Mr. Newton says that, as anticipated, the disruption caused by reorganisation and rebuilding at the Strand Stores affected the results with some £600,000 being added to the cost of development. Pre-tax profit for 1978-79 excludes any figures relating to the activities of the Civil Service Store.

As this year is the last opportunity for loan stock conversion, the chairman indicates that in the event of full conversion, the net asset value per share would

be not less than 63p as in the board's opinion the current value of group properties is understated by some £7m.

	1978-79	1977-78
Profit before tax	460,504	458,248
Tax	245,230	253,514
Net profit	215,274	204,734
Extraord. credit	100,878	158,560
Minorities	212,069	227,879
Attributable	5,143	123,445
Subs. losses	179,846	239,689
Profit	182,988	216,444
Dividends	207,782	174,096
Forward	31,623	50,467
* Transferred to (from) capital reserve. † Debt. ‡ Loss. § Debit with by the company.		

Exchange of views

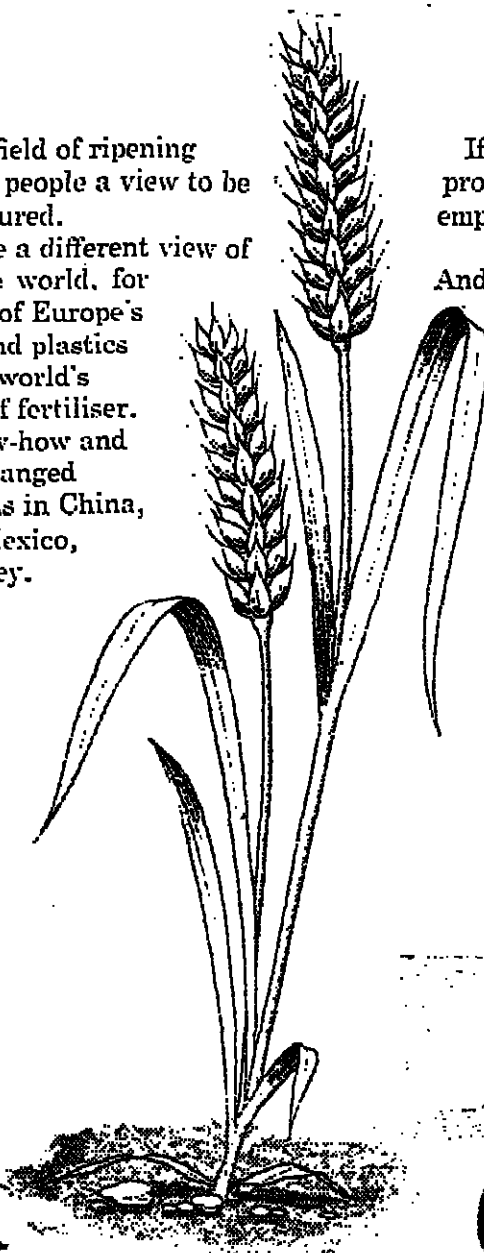
Looking across a field of ripening wheat is for many people a view to be remembered, treasured.

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Growth maintained

* PRE-TAX PROFITS UP 29%

* EARNINGS PER ORDINARY SHARE UP 28%

* TURNOVER UP 11%

* A 1 FOR 2 SCRIP

	1979	1978		1979	1978
TURNOVER	35,523	32,042	EARNINGS PER ORDINARY SHARE	19.6p	15.3p
PRE-TAX PROFIT	1,593	1,237	DIVIDENDS	4.988p	4.467p
PROFIT AFTER TAX	771	594			

Subsidiaries

GIEVES & HAWKES Tailors and Outfitters	JAMES BURN BINDINGS Mechanical Binding Systems	REDWOOD BURN Book and Magazine Manufacturers & Booksellers	MAMOS Motor Dealers and Car Park Operators	GIEVES PROPERTY
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مكتبة الجلف

Go past any junkyard and you will see just a sample of what corrosion costs this country.

But the full story is even more depressing. According to one official source corrosion costs this country a staggering £10 million a day!

Which is a fairly pressing argument for making some changes in attitude. Many designers, engineers, specifiers and buyers have already taken up the challenge. They are looking afresh at materials like stainless steel.

And they are being convinced by the total cost argument for stainless steel; that in the end stainless is cheaper than and outperforms conventional raw materials, especially when you look at the maintenance costs and longevity of each. That's why there's an ever-growing list of new products being developed and sold using stainless steel.

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A product made from stainless steel has the ability to totally satisfy the customer. Through design, through manufacture, through price and through performance.

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BSC stainless S

One way of totting up the cost.



Companies and Markets

UK COMPANY NEWS

Saatchi ahead 50% to top £1m in first half

FROM TURNOVER up 38 per cent to £34.2m, profits before tax of the Saatchi and Saatchi Company advertising agency rose 50 per cent from £755,000 to £1.1m in the first half year ended March 31, 1979.

The directors say the outlook for the year continues to be satisfactory and they expect 1979 to show further good progress. In 1978-79, the group reported pre-tax profits of £1.87m.

An interim dividend of 3.02p is now declared on capital to be increased by a one-for-two scrip issue. Last year's interim was 1.37p adjusted for a one-for-three scrip.

Tax takes £655,000 (£438,000) giving earnings per share of 6.74p against an adjusted 4.51p. Attributable profits amounted to £380,000 compared with £254,000.

In the first half, new assignments have come from Nestlé, Campbell's Soups, Smith and Nephew, Procter and Gamble, The Law Society, British Rail and the Wallpaper Marketing Board, the directors state.

As reported, Saatchi has acquired the Dublin agency, O'Kennedy-Brindley, one of Ireland's top three agencies. Following the acquisition of Hall's, Scotland's largest agency, last year the Board said its aim was to have a strong presence in the major regional centres of the British Isles.

● comment

The momentum which swept the Tories to victory is apparently propelling their advertising agents, Saatchi and Saatchi, along as well. With the continuing improvement in margins, interim profits are up by about half on gross billings that are some 40 per cent higher. Most of the growth is due to new business coming through together with fresh assignments from existing clients. New

BOARD MEETINGS

TODAY

Interims—English China Clays, E. J. Riley.

Finals—Alpine Soft Drinks, Amcor Industrial, Avenue Close, Braxby Leslie, British Cigarette Manufacturers, British and Commonwealth Shipping, Brican Shilley, Caledonia Investments, Chloroform, Control Securities, Cornish, Echnon, Crosby Spring Interiors, Dom Dommon and General Trust, Dorington, Elswick-Wood, Great Portland Estates, William Leech Builders, Milbury, Ocean Wilsons, Pains and Whitely, Pysau, Fally Post, Robertson Foods, Sakers International, Staveley Industries, Valer.

FUTURE DATES

Interims—Blument Bros June 21, Dennis (James H.) June 19, Eurotherm International July 10, Irish Distillers June 20.

Finals—Equity Consortium Investment Tst. June 28, C.P. June 26, Ravenging Reed June 22, Tunnel, Whitley (S. S. and W. I.) June 21, Wilson Bros June 25.

accounts such as Nestlé, Campbell's Soups and Family Rail Card—the latter is expected to add about £1m to turnover—should produce some significant contributions in the second half. A further boost would be the revenues from the Tories election campaign, all of which should easily carry Saatchi well beyond the £1m mark this time. The share price reached a peak of 225p but closed 2p down on balance to 215p yesterday, where the negative yield is around 5 per cent (assuming 50 per cent profit growth for the full year), following its stated policy of watching the rate of earnings and dividend increase.

CHANNEL TUNNEL

Taxable profits of Channel Tunnel Investments, the company formed to build a tunnel

between England and France, were steady in 1978.

Channel Tunnel, which is now an investment company, made a surplus of £3,537, against £3,495. Tax takes £1,858 (£1,907). Stated earnings per 8p share are down from 0.15p to 0.12p.

Profit rise at Ayrton Saunders

Pre-tax profits of Ayrton Saunders and Co., manufacturing chemists, rose from £332,208 to £376,738 in the year to February 24, 1979, on sales of £3,550m, against £3m.

After tax of £306,445 (£282,201), stated earnings are higher at 11.03p (10.19p). The net final dividend of 8.07225p lifts the total from 10.9744p to a maximum permissible 12.07225p. A one-for-one scrip issue is also proposed.

Dividends absorbed £34,383 (£31,759), leaving retained surplus at £255,900 compared with £218,248. Mr. D. R. Leith, chairman, says wholesale sales rose 10 per cent to £7.88m, but exports slipped by some £214,000 to £889,373. This occurred in the last quarter and was the result of a policy change in Nigeria. However, orders are now picking up.

Fixed assets rose from £338,597 to £354,999, and net current assets were higher at £1,586m (£1,551m). Bank borrowing decreased by £153,000, against a £142,516 increase last time.

Meeting, Liverpool, July 6 at noon.

Second half fall at Edbro

AFTER showing a rise at midway from £1.3m to £1.8m, profits before tax of Edbro (Holdings) the Bolton engineering group, fell to £3.02m in the year ended March 31, 1979, compared with £3.66m in the previous year.

In their interim report, the directors said the outlook for the second half had deteriorated. It was difficult to forecast the year's outcome, but they expected a pre-tax profit of a similar order to that of 1977-78.

Earnings per share before tax are stated at 36.2p against 44.5p and 23.6p (32.5p) net. The final dividend is 6.76p lifting the total from 6.315p to 9.03p, which is the amount the directors indicated they would have paid for 1977-78, but for dividend controls.

Turnover amounted to £32.87m against £26.73m. Tax takes £1,055m (£885,000) and £1,211m compared with £2.15m in 1977-78. Reserves at March 31 this year were £9,941m against £9,222m after debiting a prior year depreciation adjustment of £84,960 (initially £198,000) and £1,211m (£244,000 credit) and £232,000 (£133m) goodwill written off.

● comment

Edbro's share price has slumped by a quarter in the last six months and, on the face of it, a full taxed historic p/e of 12 suggests that rating has found its correct level. But expectations for the current year should hopefully start from a substantially higher base. The transport strike in January and February probably clipped profits by some £300,000 and delays in commissioning the new Wythen-shaw warehouse possibly cost a further £200,000. Against that, competitive pressures are tending to intensify rather than ease and the foreign exchange reaction to the Budget merely makes the task of penetrating the important North American market that much harder. But at least the level of incoming orders is strengthening and is now showing a volume gain of perhaps a fifth on a year on year basis. Wythenshaw should be pulling its weight by the autumn and the new plant in Eire is finally coming into operation. Meantime, Edbro had signalled its dividend intentions well in advance of relaxation and the foreshadowed payment covered 1½ times on a CCA basis, yields 9 per cent.

CHARTER TRUST

The Charter Trust and Agency announces that £162,167 of its

4½ per cent convertible unsecured loan stock 1980-85 was lodged for conversion into 259,487 ordinary stock of 25p.

Bromwich Spring declines

AFTER a further decline in the second half taxable profits of West Bromwich Spring Company slumped from £585,475 to £349,733 in 1978. Turnover was static at £3.4m.

At midway the surplus had declined from £305,000 to £255,000 on turnover marginally down at £1.81m. The directors then anticipated maintaining the position in the second half which in the event produced profits down from £287,000 to £122,000.

Tax for the period takes £190,000, against £313,000, leaving net profit down from £82,475 to £159,733. Stated earnings per 10p share have fallen from 7.06p on the old capital to 2.62p.

The final net dividend of 0.79p lifts the total from an adjusted 0.973p to 0.1057p.

Today's company meetings

Atlas Electric and General Trust, Winchester House, London Wall, EC. 2.30. Berkeley Hambro, 41 Bishopsgate, EC. 3.30. Boustead, Westbury Hotel, New Bond Street, W. 12. Central and Sheerwood, Hyde Park Hotel, Knightsbridge, W. 12. Croda International, Connaught Rooms, Great Queen Street, WC. 12. Crosby House Group, Great Eastern Hotel, Liverpool Street, EC. 11. Dutton-Forsyth, Park Lane Hotel, Piccadilly, W. 12. Gieves, Brown's Hotel, Dover Street, W. 12. Heal, 196, Tottenham Court Road, W. 3. Hestair, Hyde Park Hotel, SW. 12. Hewden-Stuart, 135 Buchanan Street, Glasgow, 12. King and Shaxson, 52 Cornhill, EC. 12. Laporte, 20 Aldermanbury, EC. 12. F. Miller (Textiles), 13 Bath Street, Glasgow, 12. Porter Chadburn, St. George's Hotel, Lime Street, Liverpool, 12.15. Spillers, Painters Hall, 9 Little Trinity Lane, EC. 12. Usher-Walker, Connaught Rooms, Great Queen Street, WC. 12. G. Wimpey, Royal Garden Hotel, Kensington High Street, W. 12.

Wedgwood edges forward and looks for progress

FOLLOWING an improvement in the final quarter, taxable profits of Wedgwood rose marginally— from £8.35m to £8.55m—in the year to March 31, 1979.

At midway the surplus had fallen from £2.95m to £3.81m. At the end of the third quarter it was static at £6.25m, and the group then forecast a modest increase for the year.

The Board now says that although overseas sales continued to increase they were affected by exchange movements. Overseas sales accounted for 57 per cent of the £34.2m total (£73.4m), compared with 58 per cent and 62 per cent respectively in the previous two years.

The U.S. Canadian and Australian distributing companies had a good year as did the manufacturing company in Croydon, Australia. Sales in Europe and Japan showed good growth in the face of strong competition.

And the Wedgwood Rooms division achieved a record 30 per cent sales increase and opened 15 new rooms, bringing the total to 100 in its 20th year of trading.

Of the US\$13m acquisition of the American tableware and architectural tile maker, Franciscan, of California, the Board says this is intended to be complementary to, not competitive with, the long-established position in North Staffordshire.

The \$13m, payable in three annual instalments, will be financed by U.S. currency borrowings.

The directors add that stiff targets have again been set for the group's manufacturing and sales executives and they hope to see another year of progress.

At the trading level the surplus had increased from £9.36m to £10.7m. But the increase was reduced by higher exchange losses of £1.14m, against £769,000, and a substantial rise in interest charges from £245,000 to £1.02m.

However, after a lower tax charge the net profit is up from £5.55m to £7.29m. Stated earnings per 25p share have risen 2p to 19.6p.



Sir Arthur Bryan, chairman of Wedgwood, studying a craftsman at work on the new range of Egyptian inspired products at the Barlaston factory.

There is a further improvement in attributable surplus, from £5m to £6.72m, following an extraordinary debit of £563,000, against £1.85m last time.

The reduction in extraordinary items is mainly due to the fact that this time there is no provision for a possible exchange loss in Swiss loans, compared one of £1.17m last time.

The final dividend of 2.436p lifts the net total from an equivalent 3.74p to 4.176p. Net assets per share are shown up from 97.9p to 113.2p.

Sales 1978 1979
Operating profit 8,350 8,550
Exchange losses 1,138 1,140
Interest 1,018 1,020
Profit before tax 6,204 6,390
Tax 1,251 1,298
Profit after tax 4,953 5,092
Extraordinary debit 1,540 1,540
Attributable 6,723 6,652
Dividends 1,575 1,413
Reserves 5,148 5,239

Wedgwood's full-year results are much as expected. At the operating level, margins were

Eastern Prod. waits for crop sale

PROSPECTS FOR this year seem to be similar to 1978, says Mr. H. K. Fitzgerald, chairman of Eastern Produce (Holdings), the tea, rubber, copra and cocoa group, in his annual statement for 1978.

But he adds that the full results will only become apparent at a later stage of crop disposal. Last year the group's taxable profits fell from £7.16m to £2.79m. The main reasons were the recession in tea and coffee prices, and the consolidation of the share of Associated Fisheries disappointing results.

Mr. Fitzgerald points out that the proportion of group debt to shareholders' equity was down to 21 per cent against 75 per cent at the end of 1976.

The acquisition of Ernest Notcutt Group, the insurance broker, was completed without undue strain on resources, he adds. The group intends to apply this criterion to further work needed to broaden activities and increase earnings, particularly in the UK.

Mr. Fitzgerald says that the Associated Fisheries investment, for which a £325,000 pre-tax loss

was included last year, will prove to be long-term. But there has been a further improvement and expansion in this operation's share activities. Mr. Fitzgerald is chairman of Associated Fisheries.

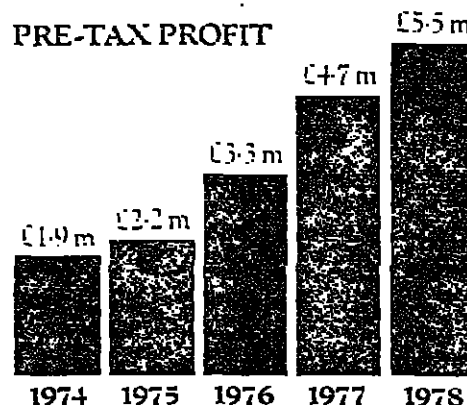
On the rubber and copra side yields to date have been increased and the price of both commodities on international markets is much improved.

British Traders and Shippers has started the year with useful figures.

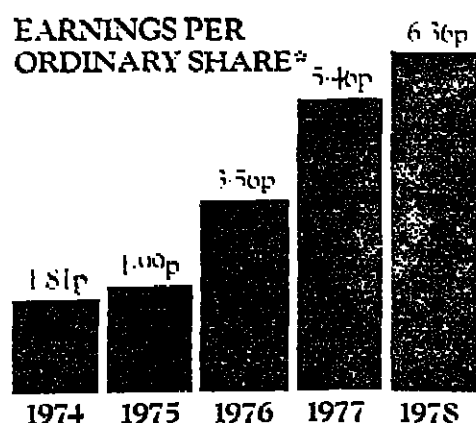
Meeting, Winchester House, EC, on July 5 at noon.

What you should know about

CENTRAL & SHEERWOOD results

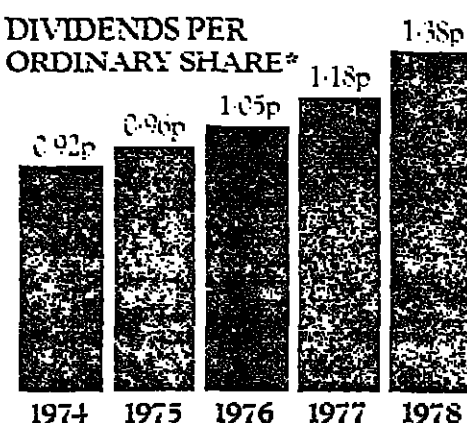


You should know that pre-tax profits for 1978 rose by 18.6% to £5.529m.

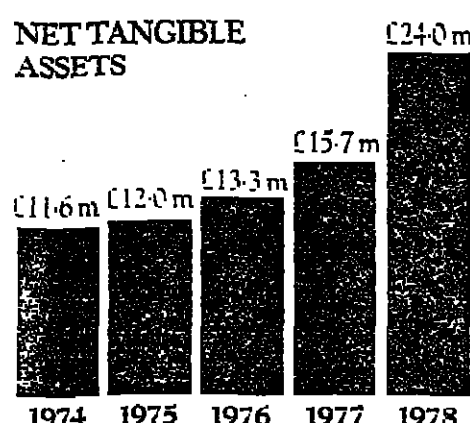


You should know that earnings per ordinary share for 1978 were 6.36p, an increase of 16.5%.

*Adjusted for scrip issue in 1978.



You should know that with Treasury approval, the ordinary dividend for 1978 has been increased by 17.2%.



You should know that net tangible assets are now 35p per ordinary share.

You should know that without exception each operating division contributed to this overall improvement.

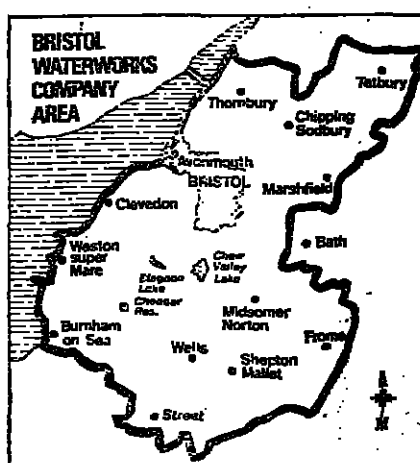
MANUFACTURERS OF CRANES AND DRAGLINES—
PLANT AND EQUIPMENT FOR WATER TREATMENT—
PETRO-CHEMICAL AND IRON AND STEEL INDUSTRIES—
ALUMINIUM CASTINGS AND COMPONENTS—SOLID

CENTRAL & SHEERWOOD

FUEL AND OIL HEATING APPLIANCES—CORPORATE
MERCHANTS AND ACQUISITIONS—INSURANCE BROKING—
PRINTING AND PUBLISHING—PHOTOGRAPHIC, OPTICAL
AND AUDIO EQUIPMENT.

If you would like further information about the company, copies of the Annual Report and Accounts are available from the Company Secretary, Central & Sheerwood Limited, 30 Chesham Place, London SW1X 8HE.

Bristol Waterworks Company



RESERVOIRS RECOVER AFTER DRY AUTUMN

The recovery of water supplies after the driest autumn on record and external industrial action is commented upon by the Chairman of Bristol Waterworks Company, Mr. A. N. Irens, CBE, in his statement circulated with the Report and Accounts to be presented to the 133rd Annual General Meeting of stockholders on Monday, 9th July 1979.

Mr. Irens says that the Company's Mendip reservoirs were unusually low in December but above average rainfall enabled them to recover and at the end of March they were almost full.

Other points from the statement are:

- *The Report and Accounts covers a period of 15 months up to 31st March 1979 because the Company has changed to the fiscal year.
- *After the very good financial results of 1977, a deficit of £389,000 for the 15 month period is less than was estimated and the Balance Carried Forward of £1.5 million is satisfactory.
- *Fixed Assets show a reduction in value at historic cost because of the change in accountancy policy to provide for their depreciation. Approximately £3.5 million has been transferred from the Contingency Fund towards the provision for depreciation.
- *The unmeasured water rate, reduced twice in 1978, has been increased for 1979-80 because of inflationary costs. The new rate, 12.24p, is still slightly below the figure for 1977.
- *Charges to measured consumers were similarly increased, by about 15 per cent. A two-part tariff was introduced as a first step to meeting the requirement of Section 30 of the Water Act 1973 that charges do not show undue preference to or discriminate unduly against any class of persons. The new tariff comprises a standing charge related to the size of meter and a volume charge of 14.54p per cubic metre.
- *An issue of £5 million of 7% Redeemable Preference Stock 1983 was made in September at an average price of £97.66 per £100 of stock and was oversubscribed by more than £1 million.
- *The Company has applied for an Order to extend and vary its capital powers up to a total of £70 million.
- *During the 15 months, capital works of about £3 million were carried out. This was a substantial increase and reflects the return to a rising pattern of consumption following the reduction after the 1976 drought.
- *The Company's trout reservoirs were again popular in 1978. More than 27,000 fish were caught at an average weight of 1lb 14oz. The Company hosted the English national championship in September and an international competition on 2nd June 1979.
- *The Directors have placed on record their appreciation of the work carried out by staff at all levels, especially those involved in restoring supplies in the appalling conditions experienced on many occasions last winter.

WATER Bristol Waterworks Company,
Bridgwater Road, Bristol BS99 7AU.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemp.	Vacs.
1978							
qtr.	107.0	102.2	99	106.4	246.4	1,409	188
qtr.	110.8	104.5	96	107.9	254.4	1,367	213
qtr.	111.5	105.2	103	110.7	266.6	1,380	213
qtr.	109.8	102.6	114	111.7	273.0	1,340	230
qtr.	111.2	103.6	115	113.8	279.8	1,321	231
1979							
qtr.	108.2	101.0	89	110.3	276.4	1,351	234
qtr.	102.6	93.0	88	109.6	273.1	1,339	235
qtr.	110.4	103.8	99	110.4	273.4	1,363	231
qtr.	111.5	106.2	99	110.8	279.8	1,350	236
qtr.				115.4	296.6	1,311	250
qtr.				113.5		1,307	257

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, retail manufacturing, textiles, leather and clothing (1975=100); using starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metals mfg.	Textile mfg.	Hous. starts
1978							
qtr.	103.2	98.8	116.3	99.9	96.6	98.0	17.8
qtr.	108.0	98.1	122.4	98.8	107.4	101.2	27.1
qtr.	108.0	99.7	123.2	101.0	101.2	102.6	23.0
qtr.	103.5	96.9	123.3	96.8	97.6	101.7	20.2
qtr.	106.0	96.0	123.0	96.0	93.0	103.0	20.7
qtr.	106.0	98.0	126.0	99.0	102.0	101.0	15.8
1979							
qtr.	104.2	97.4	125.4	97.7	96.0	99.3	12.7
qtr.	99.0	91.0	117.0	91.0	77.0	95.0	10.1
qtr.	105.0	100.0	129.0	100.0	102.0	100.0	12.7
qtr.	105.0	101.0	130.0	102.0	109.0	103.0	15.4
qtr.							17.9

TERMINAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance (£m); ms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. USSbn
1978							
qtr.	119.6	113.5	-590	-369	-620	105.7	20.63
qtr.	122.2	109.7	-173	-208	-414	104.9	16.75
qtr.	124.8	114.9	-367	-154	-501	106.1	16.55
qtr.	124.8	112.3	-39	-430	-480	106.9	15.77
1979							
qtr.	110.3	113.3	-1,181	-787	-237	107.7	16.78
qtr.	113.0	107.2	-126	+6	-62	107.4	16.26
qtr.	100.7	117.0	-766	-635	-78	108.1	16.62
qtr.	117.3	115.7	-289	-158	-97	107.4	17.45
qtr.	125.4	127.2	-227	-217	-114	108.9	21.47
qtr.							21.53

ANCIAL—Money supply M1 and sterling M3, bank advances (1975=100); domestic credit expansion (1975=100); building societies' net assets; HP, new credit; all seasonally adjusted. Minimum (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1978							
qtr.	24.3	23.8	17.8	+1,811	1,049	1,373	6.1
qtr.	10.1	15.0	24.5	+2,800	694	1,306	10
qtr.	17.2	8.3	8.6	+591	746	1,241	10
qtr.	15.1	13.0	8.7	+1,873	878	1,376	12.1
qtr.	15.1	13.0	8.7	+1,082	254	507	12.1
1979							
qtr.	7.2	10.1	32.7	+1,621	777	1,586	13
qtr.	14.6	18.9	21.2	+801	289	525	12.1
qtr.	17.6	20.6	24.1	+1,089	231	531	14
qtr.	7.2	10.1	32.7	+269	257	330	13
qtr.	16.8	7.3	19.2	+814	247	572	12
qtr.					309		

ATION—Indices of earnings (Jan. 1975=100); basic price and index, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings	Basic price	Wholesale	RPI	Foodst.	FT commodity	Strig.
1978							
qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
qtr.	129.9	146.3	151.5	195.8	203.8	242.27	61.3
qtr.	133.2	144.9	154.8	199.2	206.2	233.74	62.4
qtr.	136.1	147.1	157.3	202.6	208.0	257.69	62.7
qtr.	138.0	148.3	158.3	204.2	210.3	257.69	63.2
1979							
qtr.	140.1	152.2	161.5	208.9	218.8	268.83	64.4
qtr.	135.7	150.8	160.0	207.2	217.3	260.63	63.5
qtr.	111.1	132.2	161.7	208.9	218.7	267.36	63.7
qtr.	143.4	155.5	163.2	210.6	220.2	268.83	66.1
qtr.	138.3	163.5	214.2	221.6	227.1	277.11	67.1
qtr.	160.7	167.2				279.20	

and seasonally adjusted. Reserves: now revised annually, new estimates.

UK COMPANY NEWS

STC sale enhances its local image

BY MAX WILKINSON

STANDARD Telephones and Cables is as thoroughly British a company as it is possible for the subsidiary of a multinational to be.

Entirely managed by British nationals, it has formed close associations not merely with its main customer, the British Post Office, but with its main rivals, the General Electric Company and Plessey. Moreover it is run at arm's length by ITT, its U.S. parent, which allows it a large degree of independence within the terms of its general corporate strategy and financial disciplines.

In one sense, therefore, the decision to offer 15 per cent of STC for sale on the British stock market is not surprising. It is merely an extension of the carefully cultivated national identity which STC has maintained for many years.

If flotation to emphasise the Britishness of STC is such a good idea why should it have taken so long? It is after all 54 years since ITT acquired all Western Electric's European subsidiaries and the British company changed its name to STC and 96 years since the Western Electric office was opened in London.

On the strategic level the answer is that ITT has been developing a policy over the last few years of selling off minority stakes in its European telecommunications.



Trevor Humphries
Kenneth Corfield—chairman and managing director of Standard Telephones and Cables, 15 per cent of which will be put on the British stock market.

subsidiary (Le Materiel, Telephonique) to Thomson CSF, the French electronics group, was a sharp warning of how far European nationalism could go.

Having decided to sell a minority share in STC, ITT was left with the tactical question of when and how much of the subsidiary should be offered onto the market. Since its record year in 1973 when pre-tax earnings were £38m, the company's performance first declined and then reached a plateau of pre-tax earnings of about £30m in the past two years.

which was intended as an intermediate step to the fully digital computer controlled System X.

These special factors came at a time of general recession and a downturn affecting the consumer side of the business.

The company now appears to have weathered these difficulties and the outlook for the part of the business which is to be consolidated in the imminent offer for sale would appear to be reasonably optimistic. The company is expecting profits to increase by perhaps 20 per cent this year, and with continued orders for TXE4 and later for System X equipment, the general outlook appears favourable, especially as the bulk of the redundancy costs have now been incurred.

Total sales of the whole of the STC group reported for 1978 were £509m, but not all of this group is to be part of the new group subject to the offer.

Sales of this new group, which comprises mainly telecommunications and business systems part of the operations amounted to £374m with a pre-tax income of £28.8m. The largest part of this is in telecommunications electronics with a 1978 turnover of £225m and a pre-tax profit of £21.7m. This includes the business systems group, which sells private exchanges and computing equipment.

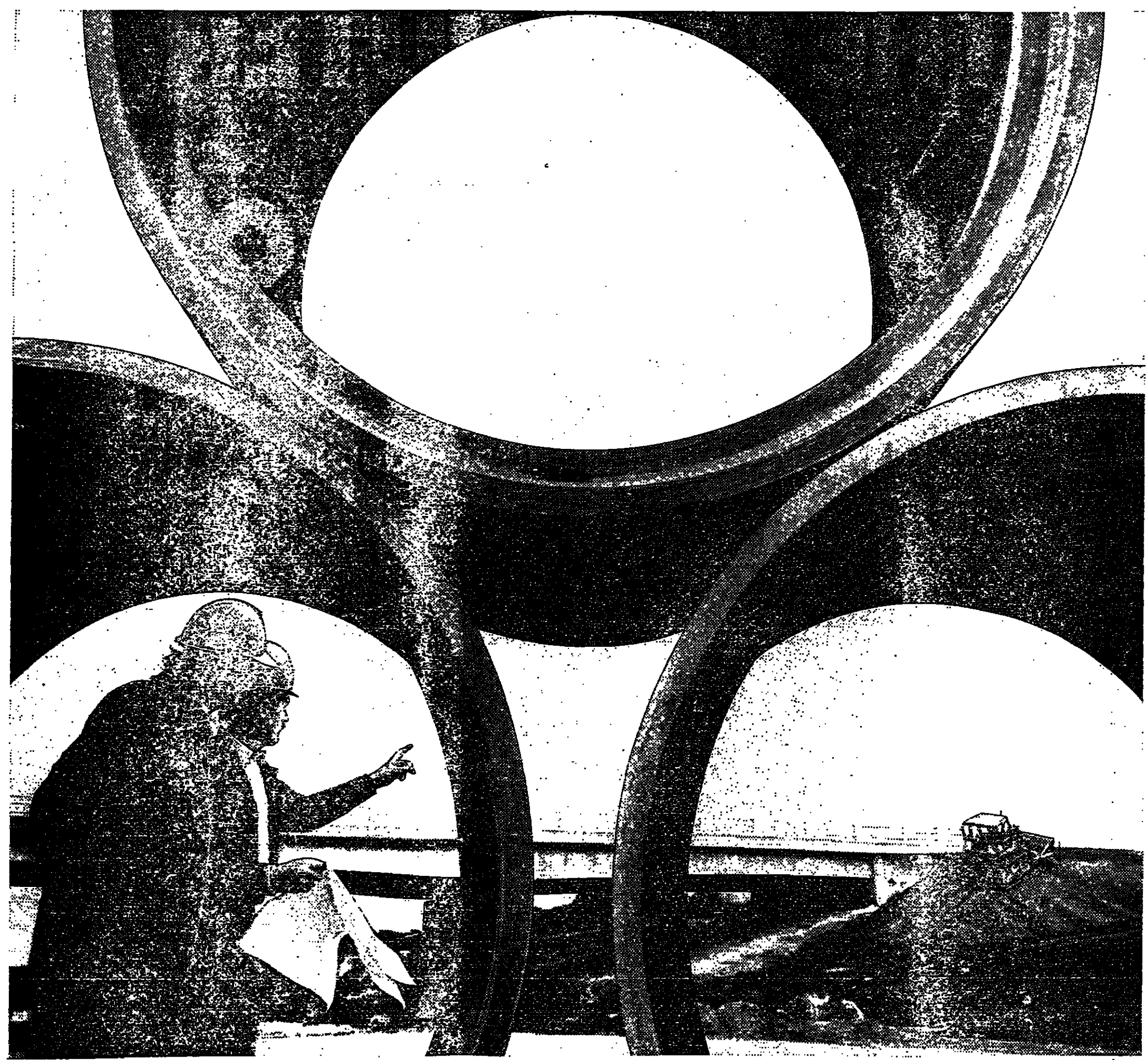
The other part of the group is the Electronic Components and Distributing operations, a large wholesaling operation with a 1978 turnover of £155m and pre-tax profit of £5.2m.

The proposed company will have 26,000 employees, of which 17,500 will be in the telecommunications group. Much the largest part of this group is the manufacture of exchange switching equipment, now nearly all electronic. About 13,000 people are employed in switching which contributes some £200m in sales.

On the transmission side of the business, the company retains a relatively strong position as one of only four major groups in the world in the long-distance underwater cable market.

The sections of the present STC which will not be included in the new group include the consumer products division and the engineering products group. Consumer products include the Sheraton Hotels, television, audio and electrical appliances which will be managed as direct subsidiaries of ITT.

PILKINGTON



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And another example of how Pilkington technology earned Britain more than £100m from abroad last year.



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CHINESE—over 500 to choose from

	Size	Price	Our Price
Supreme silk	12' x 12'	£1,450	£1,350
Supreme silk	12' x 10'	£1,190	£1,100
Supreme silk	10' x 12'	£1,450	£1,350
Supreme silk	12' x 8'	£1,450	£1,350

PERSIAN—over 700 to choose from

	Size	Price	Our Price
Supreme silk	12' x 12'	£1,450	£1,350
Supreme silk	12' x 10'	£1,190	£1,100
Supreme silk	10' x 12'	£1,450	£1,350
Supreme silk	12' x 8'	£1,450	£1,350

AFGHAN—over 700 to choose from

	Size	Price	Our Price
Supreme silk	12' x 12'	£1,450	£1,350
Supreme silk	12' x 10'	£1,190	£1,100
Supreme silk	10' x 12'	£1,450	£1,350
Supreme silk	12' x 8'	£1,450	£1,350

INDIAN—Aubusson design many sizes and colours

	Size	Price	Our Price
Supreme silk	12' x 12'	£1,450	£1,350
Supreme silk	12' x 10'	£1,190	£1,100
Supreme silk	10' x 12'	£1,450	£1,350
Supreme silk	12' x 8'	£1,450	£1,350

PAKISTAN—OVER 500 to choose from

	Size	Price	Our Price
Supreme silk	12' x 12'	£1,450	£1,350
Supreme silk	12' x 10'	£1,190	£1,100
Supreme silk	10' x 12'	£1,450	£1,350
Supreme silk	12' x 8'	£1,450	£1,350

ROMANIAN—Caucasian & Persian Designs

	Size	Price	Our Price
Supreme silk	12' x 12'	£1,450	£1,350
Supreme silk	12' x 10'	£1,190	£1,100
Supreme silk	10' x 12'	£1,450	£1,350
Supreme silk	12' x 8'	£1,450	£1,350

CAUCASIAN & TURKEMAN

	Size	Price	Our Price
Supreme silk	12' x 12'	£1,450	£1,350
Supreme silk	12' x 10'	£1,190	£1,100
Supreme silk	10' x 12'	£1,450	£1,350
Supreme silk	12' x 8'	£1,450	£1,350

RUNNERS

	Size	Price	Our Price
Supreme silk	12' x 12'	£1,450	£1,350
Supreme silk	12' x 10'	£1,190	£1,100
Supreme silk	10' x 12'	£1,450	£1,350
Supreme silk	12' x 8'	£1,450	£1,350

ALL PRICES INCLUDE VAT. RRP - Importers Recommended Price

• Minimum order £100. • Free delivery within London. • Free delivery outside London. • Free delivery outside London. • Free delivery outside London.

• Free delivery outside London. • Free delivery outside London. • Free delivery outside London. • Free delivery outside London.

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BIDS AND DEALS

Brammer to drop Morse Chain plan

H. Brammer, the power transmission and rubber products group, has dropped plans to buy out 44m for the UK power commission Morse Chain division of Borg-Warner.

The two companies said yesterday that they have identified irreconcilable contractual differences and have therefore ceased negotiations.

The setback comes three months after Brammer announced a £348m right issue to finance further expansion. At the time the directors specifically drew attention to negotiations with the U.S. corporation.

Mr. John Head, the chairman of Brammer, last night stressed that he was not embarrassed by the latest development. "We have ambitions for growth which go beyond Morse and we are actively seeking suitable acquisitions which are complementary to our existing interests both in the UK and overseas." In January Brammer paid about £4m for Pope Machinery Corporation, a move which has been seen as a springboard for further purchases in the U.S.

Mr. Head explained that the decision to drop the Morse Chain deal had been made public at an early stage in order to avoid speculation.

On closer examination of the proposed deal, however, it came clear that links between Brammer and Morse Chain division and Borg-Warner's UK automotive division posed difficulties.

"The problem was in separate ways when a number of their views were shared," said Mr. Head. "To do this would have involved a substantial amount of additional capital and from the area we received it was just worthwhile."

Mr. Head stressed that Brammer will maintain its established relationship with Borg-Warner as a major contributor of Morse Chain products in the UK.

BURRELL ON BID TALKS

Discussions with other companies both with a view to Burrell's Company being taken over and with a view to Burrell taking over others have been held in the

Noyapara Tea recovering from Bangladesh drought

DROUGHT has affected the Noyapara tea plantation in Bangladesh but, following good rains in April, some improvement in the crop can be expected, Sir John Muir, Noyapara's chairman, says in the 31st annual report to shareholders.

In my statement last year I mentioned that the board was aiming means of making a return of capital to shareholders," Sir John says. "While using this possible course of action the directors received an offer from Rightwise."

he offer was £5 a share cash and certain shareholders, including James Finlay and Co Ltd, Sir John and another Noyapara board member, Mr. J. Caldwell are directors) plus £1.50 a share plus £1.50 a share (directors of Noyapara) given irrevocable undertakings to accept the offer.

the offer document, which included the Noyapara annual report, Sir John says that board "and your advisors, including James Finlay Corporation, consider that the offer is fair and reasonable" and recommended its acceptance.

the Takeover Panel indicated that, in its view, James Finlay Corporation could be regarded as an independent adviser because James Finlay and Co. has only 11.5 per cent of Noyapara's issued capital. In making its conclusion, the Panel took account of the fact that there were two James Finlay directors on Noyapara's board, including its chairman, John Muir.

According to the takeover document, Rightwise intends to acquire and develop Noyapara's tea activities, which "in the view of Rightwise directors, will be a logical extension of and an attractive addition to Rightwise's existing operations in Bangladesh."

TARGET TALKS OFF

Target, the furniture manufacturing company which has been trading at a loss, has ended discussions which might have led to a takeover bid.

Simons' £300,000 loss

THE FALLING to a near-even position in the various 15 months, Simons & Co., a fruit and vegetable dealer, has incurred a loss of £300,000 in the year ended December 30, 1978.

Mr. J. E. Simons, warned last year that a loss was probable. The amount reported is much greater than had been anticipated. This was due to a sharp unexpected reduction in the number of stores served.

The chairman says that this meant the closure of distribution depots in longer-term and the freehold land in Yorkshire was sold at a loss. Losses continued in the Spanish associate and a side has now been closed.

The distribution activities have been rationalised and the results in line with expectations. The chairman is confident that the current year will show a return to profitability for the group.

Turnover for the year amounted to £11.67m, against £16.85m for the previous 15 months. After a tax credit of £77,500 (£33,920 charge) and taking into account a disposal of properties of £150,000 there is a net loss of £272,123 (£30,390).

The auditors have qualified their report on the accounts. They state that "financial statements have been drawn up on a going concern basis which in our opinion assumes that the necessary bank facilities will be continued and accordingly do not take account of adjustments of any kind which may be necessary if the group is unable to continue as a going concern."

The directors state that they have discussed the position with the company's bankers who have indicated their willingness to continue to provide facilities on the usual banking terms and conditions.

APPOINTMENTS

Group changes at TI

Mr. R. E. Utiger, managing director of British Aluminium, has been appointed a director of TUBE INVESTMENTS. Mr. Geoffrey C. Butcher and Mr. Robert C. Smith have become non-executive directors of British Aluminium. Mr. Butcher, who is also a director of British Oil, recently retired from British Petroleum. Mr. Smith is chairman of Scottish United Investors. These appointments follow the increase of TI's share in British Aluminium to 58 per cent, and the placing of 42 per cent to the general public.

Mr. Frank Rahmann, a TI director and chief executive of the engineering division, is relinquishing his seat on the British Aluminium Board as one of TI's nominees, leaving the number of TI directors on the Board at three. Mr. Utiger joined British Aluminium in 1961 and has been managing director since 1968. He is also a director of the British National Oil Corporation.

Sir Arthur Norman and Sir Bernard Scott have been appointed non-executive directors of THOMAS TILLING. Sir Arthur is chairman of the De La Rue Company and Sir Bernard is chairman of Lucas Industries. Sir Charles Troughton has retired from the Board of Thomas Tilling to reduce his business commitments.

Mr. J. E. Wilson has been appointed deputy chairman of the TRUSTEE SAVINGS BANKS CENTRAL BOARD and Mr. L. Bolton joins that Board. Mr. Wilson, who is trustee of TSB of Northern Ireland, has also become a Board member of TSB TRUST COMPANY. Mr. Bolton is chairman of the Trustee Savings Bank of Tayside and Central Scotland. Mr. D. B. Thorne, general manager (finance) TSB Central Board, has been made a director of TSB Trust Company. The appointments of Mr. Wilson and Mr. Bolton to the TSB Central Board, replace Mr. J. R. Archer and Mr. A. Archibald, respectively.

Mr. J. M. Barber has been appointed a director of INVESTORS CAPITAL TRUST. He is finance director of Christian Salvage.

Mr. R. J. May, chairman of the Rubber and Plastics Footwear Group of the British Rubber Manufacturers' Association, is to become a member of the NTA economic development committee for the footwear industry. He is at present general publicity and administration manager for Dunlop Footwear.

Mr. W. R. Alexander, chairman and managing director of W. R. Alexander and a director of the Clydesdale bank and other companies, has been appointed a non-executive director of DAWSON INTERNATIONAL.

Mr. A. R. Nicol, a director of WIGHT CONSTRUCTION HOLDINGS, and of several companies within the group, has been appointed group chief executive.

Mr. T. E. H. Crawford, at present an assistant general manager of HILAND BANK, has been appointed regional director, Preston. He succeeds Mr. I. R. Wills, who has become regional director, Manchester.

Mr. Robin Pagan has joined WAGNERBARTH HARDMAN AND CO. as a director, as a director. He was formerly with H. Clifton and Co. (Insurance Brokers) as a director of Head Waters and Co.

Mr. D. M. Kerr and Mr. K. J. Storer have been appointed regional directors of STEWART WRIGHTSON GROUP.

Mr. H. M. Pugh will retire as managing director of motor insurance company FINEZELL GROUP on June 1, 1980, and will be succeeded by Mr. K. J. Storer. Mr. Pugh's successor will be Mr. H. M. Pugh.

Mr. John Pugh, SGB Group, has been appointed to the newly created post of vice-president, SGB Insurance of the U.S., and has taken up his new position in New York. He was formerly managing director of SGB Insurance of the U.S.

Mr. P. J. G. has been appointed to the post of executive director of SGB Insurance of the U.S.

The Guardian Investment Trust Company Limited

Mr M B Baring, Chairman, reports for year to 31st March 1979

Increases over last year:

- Ordinary Share Earnings + 12.6%
- Dividend Payment + 16.7%
- Net Asset Value + 19.3%

Year	Gross Revenue £000	Net Dividend p-	Net Asset Value p-
1969	1,528	1.10	88.5
1977	2,704	2.35	93.0
1978	2,993	2.70	102.7
1979	3,162	3.15	122.5

Total assets of £66,000,000 spread as follows:

UK 81% N. America 10% Far East 7% Other Areas 2%

Individuals constitute 85% of Shareholders and hold 21% of issued ordinary shares.

FORBES Magazine is read regularly by more of the most important U.S. business influences than any other.

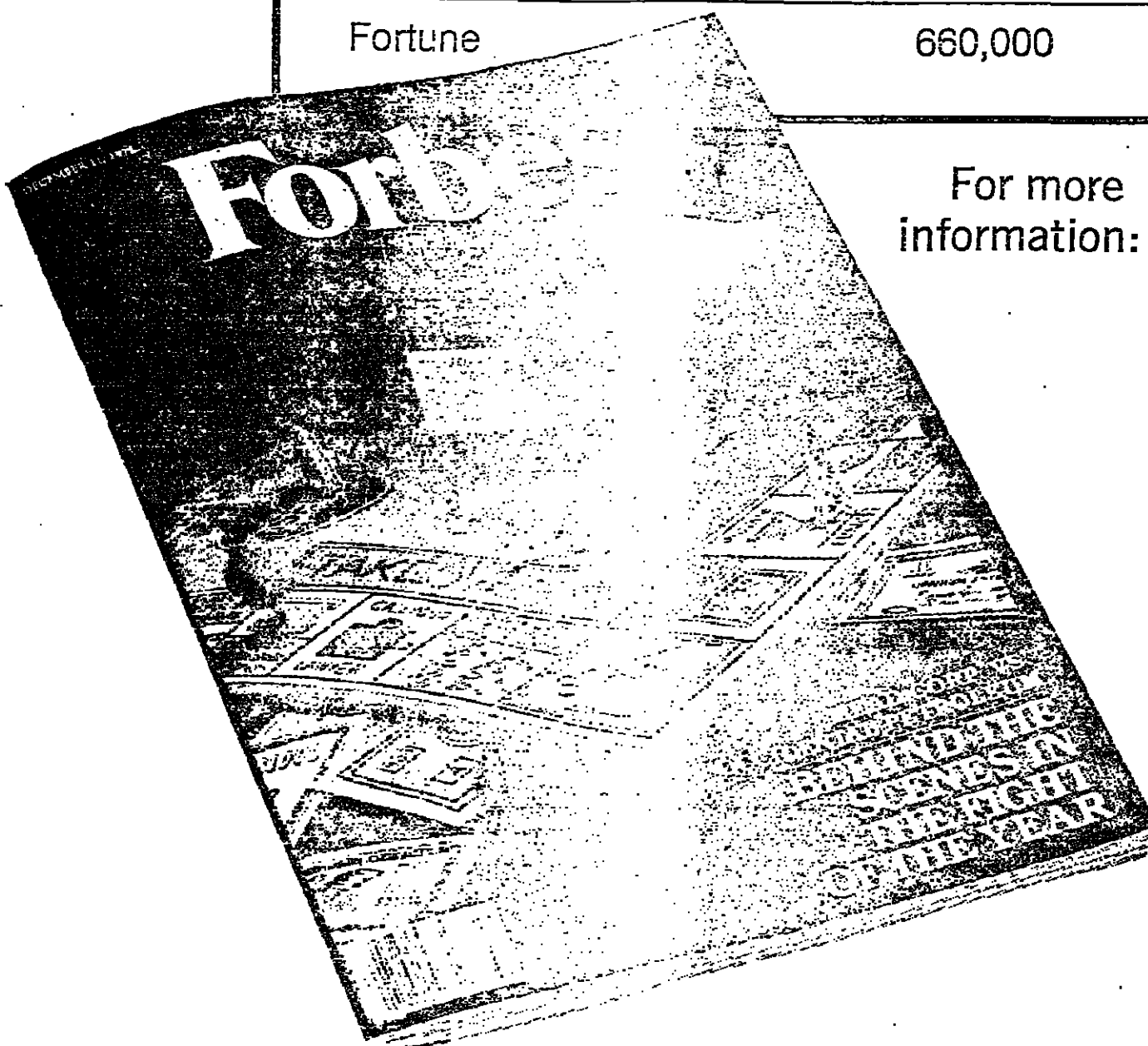
Furthermore, FORBES costs less per advertising page and is the most cost efficient of the major U.S. business magazines.

Magazines read regularly by corporate officers in 1,300 of America's largest companies

FORBES	75.8%
Business Week	68.3%
Fortune	49.7%
Time	45.7%
Newsweek	30.2%
U.S. News & World Report	23.0%

Source: Erdos and Morgan, Inc., October, 1978

	Circulation	1X B&W page rate	Cost per thousand readers
FORBES	670,000	\$10,990	\$16.40
Business Week	795,000	15,560	19.57
Fortune	660,000	14,650	22.20



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Forbes

Barr & Wallace optimistic

A current year result similar to that achieved in 1978 is indicated for Barr and Wallace Arnold Trust by Mr. J. Malcolm Barr, the chairman, in his annual statement.

He says it is not possible to give a meaningful forecast of the year's result at this stage, in view of the seasonal nature of many of the group's activities. Pre-tax profit for 1978 was up

53 per cent to a record £2.45m, which was better than forecast largely because of a very good final quarter in the motor division, probably assisted by the Ford strike. Turnover rose by 25 per cent to £59.35m—up reported May 9.

All three divisions made record profits which were:—leisure and holidays £1,305,000 (£834,000), motor distribution £960,000 (£582,000), and compu-

tor bureaux £335,000 (£305,000).

The group earned an estimated £2m in foreign currency through tourism services to overseas visitors to Britain.

On a current cost basis, pre-tax profit for the year is reduced to £1.74m against £0.95m in 1977.

Group fixed assets increased from £7.27m to £8.71m, while net current assets were ahead from £1.83m to £2.33m. Meeting, Leeds, July 4, noon.

Selection Trust sets up Australian mining house

By KENNETH MARSTON, MINING EDITOR

THE CREATION of a major Australian mining finance house with muscle and flexibility emerges from the London Selection Trust group's proposals for a reorganisation of its Australian interests.

The new company, Selstrust Holdings, with an issued capital of 60m shares of 50 cents, is to be initially 21.2 per cent owned by the public and 78.8 per cent by Selection Trust. The plans will involve a £30m (£16m) rights issue.

The newcomer will have assets of some £170m (£91m) covering the group's 60 per cent stake in the big new Agnew nickel mine; 60 per cent of the as yet undeveloped Teutonic Bore copper-zinc-silver deposit; the drillship "Regional Endeavour"; and the 5 per cent holding in the huge Mount Newman iron ore project.

Selstrust Holdings' role as a mining finance house, rather than as a holding company, is underlined by the fact that in addition to existing exploration interests it will also have the right to participate to the extent of 75 per cent in the group's other exploration activities in Australia and will also be able to undertake all other future mining business of the Selection Trust group in that country.

Holders of Selstrust Exploration—the group's only listed company in Australia in which there is a public ownership of 16.2 per cent—are to be given an exchange of "A" shares in Selstrust Holdings. For every 100 Selstrust Exploration shares they will re-

MINING NEWS

ceive 20 Selstrust Holdings "A" shares plus AS20 in cash.

After this, there will be a rights offer in September of one "Z" share in Selstrust Holdings at AS2.50 for every "A" share held. Holders will also be allowed to apply for additional "Z" shares. The issue is to be underwritten by Schroder, Darling and Potter Partners, the latter firm also being brokers to the issue along with James W. Paterson and Son.

The "Z" shares will carry a fixed cumulative annual dividend of 17.5 cents, equivalent to a 7 per cent yield on the issue price. They will be convertible at any time into "A" shares on which no dividends are envisaged until the desired build-up of funds has been achieved.

Earnings of some £14m for 1980 are expected for Selstrust Holdings on the basis of an average producer nickel price of U.S.\$3.25 per lb (currently \$3 per lb) and a continuation of the present U.S.-Australian exchange rate. Because of tax allowances, the company will have no tax liability for the first few years.

comment

Selection Trust's latest move marks a good deal of sense. Ostensibly a tidying-up operation which has tax advantages, it provides a powerful new vehicle for Australian domestic investment in the country's undoubted major mineral potential. The rights issue, it will be noted, applies to persons within Australia, having registered addresses in that country, this

being apart from Selection Trust and others who acquire "A" shares under the scheme. If it is argued that Australia's desire for a majority ownership of domestic resources is not being catered for by the relatively modest offer of just over 20 per cent in the new company, the answer must be that Australia may not have the resources, or the will, to take a larger slice of Selstrust Holdings at this stage. Further opportunities might be offered to the Australians to increase their stake in Selstrust Holdings in due course.

Meanwhile, they may well be attracted by the group's enlarged prospecting scope in base metals and diamonds—the AS 30m to be raised will help finance the projected annual exploration expenditure of AS 1m to AS1.5m—in addition to the potentially big earnings of the new Agnew mine.

Clearly, earnings of Selstrust Holdings are set to expand in the 1980s. The newcomer could also have a degree of autonomy in that its financial dependence on the parent Selection Trust will lessen, but it may still be subject to a fair amount of policy control from the parent and its chairman may also be Selection Trust's Mr. John Du Cane.

While nothing is certain in mining, new flotations are almost always worth taking up and while holders of the "Z" shares being offered may have to put up with a fixed return for the first two or three years before it is worth converting into the "A" shares, their patience could be well rewarded in the later 1980s.

Reserves double at Hemerdon

EXPLORATION AT Hemerdon Ball, the tungsten-tin prospect near Plymouth, is moving into a new phase backed by a new financial commitment. Ammax Exploration and the knowledge that indicated reserves have more than doubled in the last year.

Mineralisation is 45m tonnes, compared with 20m tonnes in April 1978, grading 0.17 per cent tungsten and 0.025 per cent tin. Ammax Exploration said yesterday. The company is a subsidiary of Ammax of the U.S. and is managing a joint venture in which the other partner is Hemerdon Mining and Smelting.

Previous drilling reports from Ammax had indicated the extension of mineralisation down to 100 metres, about 80 metres deeper than drilling had gone in the years before World War Two, when the deposit was investigated prior to limited exploitation. The programme has gone down to 200 metres.

The Ammax-Hemerdon programme is moving into a fourth phase involving a feasibility study, which will embrace not only further technical analysis but a survey of marketing and financing prospects and a pilot ore treatment plant. The work will take up to three years.

So far Ammax has spent \$3.6m (£1.7m) at Hemerdon Ball and now expects to pay between \$8m and \$9m for the feasibility study.

This suggests that up to \$12m could be spent on deciding whether Hemerdon Ball is an economic proposition, and is about double the amount Ammax indicated it would be prepared to commit when it entered the joint venture at the end of 1977.

Although part of the increase may be attributed to a general rise in costs and, latterly, a much clearer idea of the cost of a pilot plant, the extended commitment reflects the encouragement drawn from the earlier phases of exploration.

Tenders for the pilot plant have been called and a contract could be let shortly. The plant will test the means of separating the tungsten and tin devised in UK and U.S. laboratories follow-

ing bench scale work on metallurgical processes.

The previous attempt to exploit the deposit was only a limited success largely because it was not possible to devise a metallurgical technique, to extract the tungsten and tin from the china clay prevalent near the surface of the deposit, which ensured a high recovery rate.

The Ammax-Hemerdon pilot plant will take bulk samples of ore cleaned from underground development of the deposit.

GETTY MAY KEEP JABILUKA STAKE

Getty Oil could retain its 35 per cent interest in the Jabuluka uranium deposit under the Australian Government's new ownership guidelines, according to Mr. Tony Grey, the chairman of Pancontinental, which owns the other 65 per cent.

Under certain circumstances the Australian Government has relaxed the requirement for 75 per cent domestic ownership of uranium projects.

Mr. Grey's comments, made in Sydney yesterday, are in tune with the feeling generally expressed immediately after the Government changed its guidelines, thus allowing Western Mining Corporation to proceed with its Yeelrie joint venture with Exxon and Uranengesellschaft.

But Pancontinental would still have to see whether anyone would buy 10 per cent of the Jabuluka venture, thought to be the world's largest potential uranium mine. The time to do this would be when Jabuluka had received export approvals from the Government, Mr. Grey said.

If efforts to reduce the interest were unsuccessful, Getty could retain its present stake, Mr. Grey added.

Pancontinental is soon

expected to present its revised environmental impact statement for Jabuluka to the Government. The company's shares were down 50p at 700p in London yesterday.

PACIFIC COPPER BOOSTS STAKE IN TORRINGTON

Pacific Copper is to acquire the stake in the Torrington wolfram project, in New South Wales, held by St. Joe (Torrington), a subsidiary of St. Joe Minerals of New York. The terms have been specified. This brings the Pacific Copper interest up to 92.5 per cent.

Mr. Peter Gibb, the chairman, told the Sydney stock exchange yesterday that arrangements had been made as he advised that the first shipment of wolfram concentrates would leave the mine during this month. The customer is BOC, the UK group.

St. Joe, which acquired its stake only last August, is the second of Pacific Copper's joint ventures. The company has withdrawn from Torrington in the past seven months. In December Hampton Gold Mining Areas of London sold its 10.87 per cent stake to Pacific Copper.

Pacific Copper, the Australian affiliate of Pacific Copper Mines of Canada, has itself been the subject of ownership changes. The Consolidated Press group, run by Mr. Kerry Packer of television and cricket fame, built up its stake to 25 per cent from 21 per cent last year.

Against the background of these corporate shifts, the new crushing and concentrating plant at Torrington has been brought into production and is working. Mr. Gibb said, in alignment with scheduled operating targets. The shares yesterday were down 7p at 73p.

Rowlinson slumps to £56,000

BAD weather and transport problems resulted in a second-half loss of £52,532 against a £392,935 profit last time at Rowlinson Construction Group, building and civil engineering contractor and property developer.

This means profits are down from £392,935 to £35,868 in the year to March 31 1979. At mid-way, the surplus was lower at £108,200 (£603,900), and the directors expected a similar second half.

The dividend is effectively maintained at 0.60625p, with a 0.425p final. After tax of £29,456 (£516,952), net profit came through at £26,412 compared with £479,865.

The directors say the industrial and commercial properties revaluation has increased their value by £3.4m which has raised net asset value to 58p (31p).

Bad weather hits Mowlem UK contracts

Bad weather in the first four months of the year had affected home contracts of John Mowlem and Company, Sir Edgar Beck, chairman, told shareholders at the annual meeting.

In spite of his earlier hope for modest progress, the chairman said there was some doubt whether the group could recoup the lost ground.

In the last full year, taxable profits of the construction group slipped from £6.13m to £5.52m. Referring to the increasing diversity of the group, the chair-

man said there had been an eight-fold rise in non-construction profits since 1974.

Debenture exchange by Lonrho

Lonrho proposes to exchange the existing debenture stocks of subsidiaries London City and Western Properties, AVP Properties and Dunford and Elliott for new Lonrho stock. On a £1 for £1 basis the exchanges are:—

For the LCW £50 85 per cent stock 1987-2002—10; per cent Lonrho stock; for the outstanding AVP £1.37m 7; per cent stock 1986-87-71 per cent stock; for the D and E £121,294 81 per cent stock 1983-86 and the D & E £23.36m 81 per cent stock 1987-92—9 per cent stock 1987-92; for the D & E £10,000 12 per cent stock 1985-90—12; per cent stock; and for the £1.77m D & E 12; per cent stock 1980-83—12; per cent new Lonrho stock.

The exchanges will require sanction by holders and will be conditional on the new stocks being listed. The exchange of the 12; per cent stock of D & E will also require to be sanctioned by holders of the 8 per cent unsecured loan stock and the 8 per cent convertible unsecured loan stock of Lonrho.

Lonrho and subsidiaries have been advised by Keyser Ullmann.

SCOTTISH METRO.

Scottish Metropolitan Property announces that acceptance has been received for 6,425,553 ordinary shares representing some 86.9 per cent of the 6,828,254 ordinary shares offered by rights.

Shares not taken up have been sold and the net premium of about 8.9p per share, will be distributed to the provisional allottees originally entitled thereto.

Benzol recovers to £1.3m profit

A RECOVERY in taxable profits and a substantial increase in the dividend are reported by British Benzol Carbonylising, coke and smokeless fuel manufacturer.

Pre-tax profits rose from £782,000 to £1.25m in the year to March 31, 1979, which compares with the record £1.39m in 1978-79. The net final dividend of 1.5p per 10p share holds the total to 2p, against a single payment of 0.5974p last time, reflecting the removal of dividend restraints.

At mid-way, the surplus was higher at £275,000 (£139,000), and the directors expected the encouraging performance to be maintained through the remainder of the year.

The current year has opened satisfactorily and in line with budgeted expectations, the directors say. However, national and international conditions continue to provide an unsettled trading climate, but they are confident the company will make progress by internal development and acquisition.

The directors add that they intend to pursue a policy of steady improvement in dividend payments.

Sales for the year were ahead at £18.26m, against £15.38m. After tax of £257,000 (£150,000), earnings per share are shown to have risen from 6.5p to 10.5p. Attributable profit came through at £995,000 (£339,000).

1978/79 1977/78

Sales £18,260,000 £15,380,000
Export 10,150,000 8,150,000
Home 8,110,000 7,230,000
Profit before tax £257,000 £150,000
Tax 25,000 15,000
Net profit £232,000 £135,000
Dividend 10.5p 6.5p

SSAP 15 has been adopted, resulting in a £785,000 credit. As part of this policy, capital expenditure is at a higher level than in recent years. Improved cash management has produced a cash inflow compared with a substantial outflow last time. Throughout the year, there has

been a fairly steady improvement in demand for all grades of coke and coal by-products. The depressed state of the steel industry, worldwide, however, has adversely affected selling prices and the company's ability to pass on in full increased costs. Export possibilities have been, and will continue to be, restricted until there is a pick-up in the European steel industry.

comment

British Benzol's mercurial record continued last year with a 58 per cent profit rise from a low base. Thanks to the steel crisis, there has been a steady improvement in demand for industrial fuels in the home market but this was offset to some extent by continuing difficulties in the European steel industry, which depressed exports. Apart from the respectable profits rise, the company is taking advantage of the absence of dividend restraint to pay 2p net—an increase of 35p per cent. This boosts the yield to 6.7 per cent while the p/e is 4.2 at 46p, or 7.0 fully taxed—a rating which reflects the uncertainties ahead.

Alliance Invest. up to £0.72m

TAXABLE revenue of Alliance Investment Company increased from £591,784 to £716,324 in the year to April 30, 1979.

After tax of £267,098 (£222,688), earnings per 20p share are shown to have risen from 3.09p to 3.8p. The net final dividend of 2.7p lifts the total cash management has produced from 3p to 3.75p.

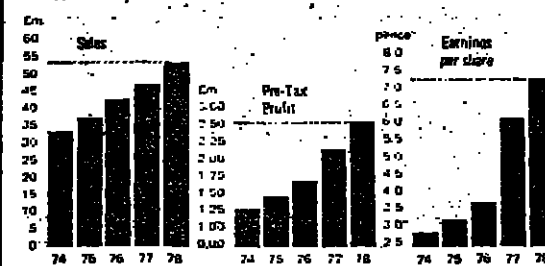
Net asset value is given higher at 164.5p compared with 159.2p last time.

Continued Growth

Chairman Peter Pritchard reports:

- 1978 another successful year
- Sales increased 18% to £53.4m
- Profits before tax 18% higher at £2.6m
- Earnings per share 21% higher at 740p
- Dividend cover 4.4 times

Summary of results



AGM will be held at Winchester House, London Wall, London EC2 on Friday, 29th June 1979 at 12 noon. Copies of the Annual Report may be obtained from The Secretary.



Pritchard Services Group Ltd.
Pritchard House, South Hill Avenue,
South Harewood, Yorkshire HA2 9NS
Telephone 01-954 4421

Specialists in building planning and maintenance, support and transport planning, city cleaning, janitorial supplies, timber preservation, industrial cleaning, linen and workwear rental, home care and security services.

Sanderson Kayser

A Sheffield based company manufacturing special steels sold through its own warehouses in the UK and overseas, silver steel, shear blades, machine knives, slitting cutters, saws and gears.

"Bearing in mind the difficult economic conditions prevailing in 1978, both national and world-wide, the results of your company's operations for the year may be regarded as not unsatisfactory."

"Provided we can continue to ensure our share of the home and export markets, our warehouse stocks and continuing plant modernisation policy should help to maintain profitability."

From the circulated statement of Mr. N. Hanlon, Chairman.

RESULTS AT A GLANCE

£'000	1978	1977
Turnover	13,672	13,722
Profit before Tax	888	1,087
Profit after Tax	470	520
Dividend	4.38p	4.38p
Earnings per share	6.79p	8.34p

Copies of the Annual Report and Chairman's Statement can be obtained from The Secretary, P.O. Box 6, Newhall Road, Sheffield, S9 2DQ.

(This advertisement is for information only and does not constitute an offer in relation to the issue referred to.)



Compagnie Française des Pétroles

An issue of 1,908,375 FF Convertible Bonds at par.

Pursuant to authorisation granted by shareholders at an Extraordinary General Meeting held on 29th June 1978, the Board has decided to issue 1,908,375 FF Convertible Bonds of FF 200 each at par to raise a total of FF 381,675,000. The Bonds will carry an initial coupon of 7.5 per cent from 1st July 1979, rising in stages over the life of the Bonds to 9 per cent from 1st January 1987. Each Bond will be convertible into one 'B' share of FF 50 of the Company at any time from 1st January 1980.

Bonds will be redeemed at various dates between 1st January 1983 and 1st January 1992, subject in the case of redemption to the holder's right upon receiving notice of redemption, to exercise the right of conversion.

Shareholders will have priority subscription rights for the Bonds on the basis of one Bond for 14 Shares held.

Shareholders not holding 14 Shares or a multiple of 14 are entitled to subscribe for the number of Bonds corresponding to the multiple of 14 immediately above the number of Shares they hold. Shareholders holding less than 14 Shares may subscribe for one Bond.

This priority right is non-negotiable.

Subscription Agents in the United Kingdom

Banque de Paris et des Pays-Bas, Banque de l'Indochine et de Suez,
33 Throgmorton Street, 62-64 Bishopsgate,
London EC2N 2BA, London EC2N 4AR

As from 14th June 1979 a summary prospectus for Shareholders, giving details of the offer and information on Compagnie Française des Pétroles will be available for collection from the Subscription Agents in the U.K., together with the necessary Form of Application. Proof of shareholding will be required.

The last date for Shareholders to subscribe for the Bonds under their priority rights will be the 28th June 1979 and no subscription will be entertained except from persons submitting the Form of Application referred to above with relevant proof of their shareholding.

From 29th June 1979 up to and including 13th July 1979 Bonds which have not been subscribed for by Shareholders pursuant to their priority rights will be offered for subscription to the public in France only.

Since the Bonds constitute foreign currency securities for U.K. exchange control purposes, persons resident in the United Kingdom will, unless utilizing the proceeds of a foreign currency loan authorised by the Bank of England for portfolio investment, be required to pay the investment currency premium on taking up their rights. Shareholders resident in the U.K. who propose to take up their rights are therefore advised to consult their own bankers without delay. Payment must be made through an Authorized Depositary (which includes banks and stockbrokers in, and solicitors practising in, the United Kingdom, the Channel Islands or the Isle of Man) by means of a bankers draft in French Francs.

Application has been made for the Bonds to be listed on the Stock Exchange in Paris.

Shareholders are strongly advised to consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Paris, 14th June 1979

The whole is greater than the sum...

M. W. Marshall is the money broking division of the Mercantile House Group.

Saturn Holdings, with its subsidiary and associated companies, provides services in related financial markets.

Mercantile House Holdings is the whole, of which Marshalls and Saturn are the two operating parts.



Marshalls is a leader amongst international money brokers, with offices in London and 12 financial centres around the world.

Saturn's services include equipment leasing consultancy and asset management and also money management through the SIMCO funds.

Mercantile House is an international group providing a wide range of complementary financial services to customers throughout the world.

Mercantile House Holdings Limited

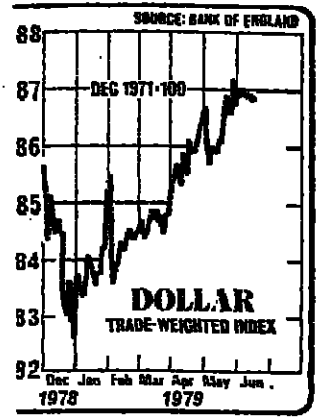
66 Cannon Street, London EC4N 6AE. Telephone: 01-236 0233

مناصفه

CURRENCIES, MONEY and GOLD

Sterling firm

Activity in yesterday's exchange market was on the rise in sterling, but Tuesday's budget, which showed a smaller deficit than expected, was enough to steady the pound. The Bank of England's intervention to steady the rise, which showed a firmer demand against most major currencies, was reflected in



trade weighted index, which stood at 88.3 at noon and in the morning. Against the dollar it opened at the lowest for the day at \$2.0930-10 and rose steadily to touch 89.00, helped by demand in the U.S. at \$2.1150-150 re closing at \$2.1045-1045, a rise of 1.25 cents from Tuesday's highest closing rate since 1975.

The dollar tended to trade on side lines for most of the day with most transactions in place within a very narrow range. Against the pound it finished at DM 1.9095

against DM 1.9095 and Sfr 1.7300 from Sfr 1.7312 against the Swiss franc. The dollar was also firmer against the yen and finished at ¥220.50 compared with ¥219.75 on Tuesday. On Bank of England figures the dollar's trade weighted index eased slightly to 88.6 from 88.9.

FRANKFURT—There was no intervention by the Bundesbank yesterday when the dollar was fixed lower at DM 1.9108 compared with DM 1.9142 on Tuesday. While sterling benefited from Tuesday's budget, the Belgian franc failed to improve on news of a 1 per cent increase in the Bank Rate to 9 per cent. However, it was fixed above its floor level against the D-mark at DM 6.221 at DM 6.224 per BF 100 without support by the Bundesbank. The Danish krone on the other hand, was fixed at its limit of DM 34.845 per Dkr 100.

The lira lost ground against most currencies with the notable exception being the dollar. Sterling climbed to an all time high of £1,787.30 after the UK Budget, compared with Tuesday's fixing of £1,771.10. The dollar eased to £1.8535 against £1.8545 while the D-mark rose to £1.4646 from £1.4625.

TOKYO—The dollar rose slightly yesterday against the yen and closed at ¥220.50 compared with ¥219.75 on Tuesday. An increase in Japanese imports as well as a rise in wholesale prices were seen as the two main reasons behind the dollar's improvement, and after opening at ¥219.70, the U.S. unit touched ¥220.15 where buying interest tailed off. Trading was rather quiet with \$583m dealt in the spot market, \$350m in forward trading and swap transactions accounting for \$1,097m.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central bank rates	Current amounts against ECU June 13	% change from central bank rate	% change from previous day	Divergence limit %
France	39.482	40.564	+2.80	+1.74	+1.53
Germany	7.0582	7.2848	+3.29	+1.73	+1.53
Netherlands	2.5664	2.5259	-1.56	-0.18	-1.38
Italy	5.7953	5.9439	+2.57	+0.18	+1.39
Greece	2.7077	2.7674	+2.21	+0.65	+1.57
Spain	0.66268	0.67057	+1.19	+0.19	+1.38
Portugal	1.4815	1.5245	+2.90	+2.90	+2.90

Changes are for ECU, therefore positive change denotes a weaker currency. Adjustment calculated by Financial Times.

HANGE CROSS RATES

	June 13	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Sterling	1	1	2.104	4.019	220.5	4.418	3.640	4.404	175.2	2.465	64.48
Dollar	0.475	1	1	1.910	100.0	2.006	1.520	2.008	367.0	1.172	36.48
Mark	0.249	0.249	0.249	1	113.3	0.813	0.606	0.808	446.2	0.613	16.04
Yen	2.159	2.159	2.159	2.159	1	20.06	0.006	0.006	446.2	0.613	16.04
Franc	1.076	1.076	1.076	1.076	1.076	1	0.887	1.076	129.9	0.652	69.57
Swiss	0.227	0.227	0.227	0.227	0.227	0.227	1	0.227	407.2	0.560	14.64
Guilder	0.558	0.558	0.558	0.558	0.558	0.558	0.558	1	100.0	1.375	36.96
Lira	0.406	0.406	0.406	0.406	0.406	0.406	0.406	0.406	1	2.616	26.16
Canada	1.561	1.561	1.561	1.561	1.561	1.561	1.561	1.561	1.561	1	10.0

O-CURRENCY INTEREST RATES

Interest rates nominal rates were quoted for London dollar certificates of deposit: one month 10.20-10.30 per cent; three months 10.15-10.25 per cent; six months 10.10-10.20 per cent; one year 9.80-9.90 per cent.

	June 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Term	12 1/2	10 1/2-10 3/4	9 1/2-10 1/2	7 1/2-8 1/2	7 1/2-8 1/2	5 1/2-6 1/2	8 1/2-9 1/2	10 1/2-11 1/2	10 1/2-11 1/2	10 1/2-11 1/2	2 1/2-3 1/2
Notice	12 1/2	10 1/2-10 3/4	9 1/2-10 1/2	7 1/2-8 1/2	7 1/2-8 1/2	5 1/2-6 1/2	8 1/2-9 1/2	10 1/2-11 1/2	10 1/2-11 1/2	10 1/2-11 1/2	2 1/2-3 1/2
Monthly	13 1/2-14 1/2	10 1/2-10 3/4	9 1/2-10 1/2	7 1/2-8 1/2	7 1/2-8 1/2	5 1/2-6 1/2	8 1/2-9 1/2	10 1/2-11 1/2	10 1/2-11 1/2	10 1/2-11 1/2	2 1/2-3 1/2
Three months	13 1/2-14 1/2	10 1/2-10 3/4	9 1/2-10 1/2	7 1/2-8 1/2	7 1/2-8 1/2	5 1/2-6 1/2	8 1/2-9 1/2	10 1/2-11 1/2	10 1/2-11 1/2	10 1/2-11 1/2	2 1/2-3 1/2
Six months	13 1/2-14 1/2	10 1/2-10 3/4	9 1/2-10 1/2	7 1/2-8 1/2	7 1/2-8 1/2	5 1/2-6 1/2	8 1/2-9 1/2	10 1/2-11 1/2	10 1/2-11 1/2	10 1/2-11 1/2	2 1/2-3 1/2
One year	13 1/2-14 1/2	10 1/2-10 3/4	9 1/2-10 1/2	7 1/2-8 1/2	7 1/2-8 1/2	5 1/2-6 1/2	8 1/2-9 1/2	10 1/2-11 1/2	10 1/2-11 1/2	10 1/2-11 1/2	2 1/2-3 1/2

From European Deposits: two years 9 1/2-9 3/4 per cent; three years 9 1/2-9 3/4 per cent; four years 9 1/2-9 3/4 per cent; five years 9 1/2-9 3/4 per cent; six years 9 1/2-9 3/4 per cent; seven years 9 1/2-9 3/4 per cent; eight years 9 1/2-9 3/4 per cent; nine years 9 1/2-9 3/4 per cent; ten years 9 1/2-9 3/4 per cent.

INTERNATIONAL MONEY MARKET

Belgian Bank Rate 9%

Belgian National Bank has raised its discount rate and loan rate to 9 per cent from 8 1/2 per cent. This is the third time in the discount rate at the beginning of last year when the rate stood at 7 per cent, and reflects the continued pressure on the Belgian in the European Monetary Union. The currency has been above its lowest level against the D-mark, but only after sales of DM 60m by the Belgian Bank on Monday followed by DM 40m on Tuesday.

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Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Optimism at Consolidated-Bathurst

MONTREAL — Estimates by stock market analysts that Consolidated-Bathurst, the newspaper and paper group, will earn between C\$3.45 and C\$3.75 a share this year "aren't bad," said Mr. William Turner, president and chief executive.

He stressed, however, that the earnings outlook is linked to the value of the Canadian dollar and the West German mark.

The company does much of its business in U.S. dollars which are then converted into Canadian dollars. Also, Consolidated-Bathurst has a large packaging unit in West Germany—Europa Carton—based in Hamburg.

Earnings estimates assume that Canadian and West German currencies will not change much from current levels.

In 1978 Consolidated-Bathurst had operating earnings of C\$59.1m or C\$2.60 a share on sales of C\$1.08m. An extraordinary gain from the sale of Price Company shares boosted net income to C\$60.7m or C\$2.67.

Operating earnings in the first quarter this year were C\$18.7m, or 50 cents on sales of C\$279.3m. After a recovery of income taxes from prior years' losses, final net was C\$19.2m or 82 cents.

The continuing recovery of the pulp business was a good sign for other segments of the pulp and paper industry, according to Mr. Turner.

Demand for newsprint in North America was exceeding supply, and this had kept Consolidated-Bathurst's mills running at full capacity. The company had shipped a record 106,000 tonnes of newsprint in May.

A second newsprint price increase this year was in the offing, Mr. Turner suggested, probably in the autumn.

Prices for specialty papers were continuing to rise "and this is usually a harbinger for other price moves."

He also cited rising energy costs and pressure from higher prices charged by Scandinavian producers for newsprint sold in Britain.

The last price increase, on February 1, sent newsprint sold in the U.S. up by 25¢ a tonne to \$345. In Canada, the price was raised to C\$370 a tonne from C\$339.50.

Consolidated-Bathurst is spending C\$75m on capital improvements this year, up from C\$45m in 1978, with concentration on improved efficiency of existing equipment.

Last year 163,000 tonnes of capacity was added at Canadian newsprint mills with Consolidated-Bathurst putting in 52,000 tonnes or 32 per cent. The company accounts for 10 per cent of total Canadian capacity of some 9.1m tonnes.

On acquisitions, Mr. Turner said: "We're always looking and we're always asked if we want to make a move into certain areas, but there's nothing to report." He added, however, that Consolidated-Bathurst "wouldn't rule out" acquiring more shares of the Toronto-based Abitibi Paper — North America's largest newsprint producer. Last November Consolidated-Bathurst acquired a 9.4 per cent interest in Abitibi for investment purposes only.

AP-DJ

Ashland Oil buys option for 3m NLT shares

By David Lascelles in New York

ASHLAND OIL, the highly individualistic independent oil company which recently sold off most of its oil properties, yesterday made a move to use at least part of the proceeds. It announced from its headquarters at Ashland, Kentucky, that it had an option to buy from American General Insurance about 3m shares in NLT Corporation at \$30 a share—implying a deal worth about \$90m.

NLT is a Nashville-based insurance holding company with a strong position in the south-west. Among its assets it boasts Great Southern Corporation (an insurance underwriter which it acquired in February for \$280m) and the Grand Old Opry House, the Nashville concert hall revered by millions as the shrine of Country and Western music.

NLT has about 35m shares outstanding, meaning that if Ashland exercises its options it will end up holding about 8.5 per cent of the company.

Ashland has until September 14 to exercise its options, and if it does go ahead, American General has the right to require Ashland to buy 307,000 more shares at the same price within 90 days. Ashland will pay the purchase price 25 per cent in cash and 75 per cent in subordinated notes.

In a brief comment on this step, Ashland said it had not yet decided whether to exercise the option, and this would depend on whether a "combination" of Ashland and NLT seemed practical.

There has been considerable speculation about how Ashland would spend the more than \$100m it reaped from its asset disposals and restructuring. So far, the only major step announced was its share repurchase programme which has a current target of 6m shares.

CGE repeats sales growth despite overseas setback

BY DAVID WHITE IN PARIS

COMPAGNIE Generale d'Electricite (CGE), the French electrical group, expects to maintain its level of consolidated earnings this year and repeat last year's 10 per cent sales growth.

Group net profit rose to FF 431m (1977m) last year from FF 390m. Earnings for majority-controlled companies, excluding CGE's two important affiliates, the Alsthom-Atlantic heavy electrical and shipbuilding concern and computer manufacturer CII-Honeywell Bull, dropped slightly, however, to FF 264m from FF 274m.

Consolidated sales rose to FF 36bn from FF 32.7bn, in spite of a setback in foreign turnover—exports and sales of foreign subsidiaries—to FF 11.5bn from FF 12.1bn.

Orders received last year were up by 12 per cent at FF 40.3bn and are expected to increase by 10 per cent this year.

M. Ambroise Roux, the chairman, told the annual meeting

that the parent company should see its net operating profit rise this year to about FF 470m (\$38m) from FF 431m in 1978. Despite a 10 per cent increase in operating results last year, the parent company suffered a sharp fall in net profit from FF 377m to FF 161m, after large exceptional gains the year before.

CGE, which was the first French group to make a major capital raising operation after the March 1978 general election, with a one-for-five rights issue, repeated its FF 22.60 net dividend for the year, and M. Roux said it would pursue a policy of "prudent and continued progression" in its payouts to shareholders.

Questioned by shareholders on the interest shown by Saint-Gobain-Pont-a-Mousson, the diversified industrial group, in taking a stake in CII-Honeywell Bull, M. Roux said proposals for the future development of the Franco-U.S. computer company were still being studied.

He said that the second stage in CII-HB's development had to

be considered now that it was coming to the end of its state-subsidised launching period and had proved itself to be profitable. The CGE group, active in forming the venture, holds 30 per cent of Cie des Machines CII-HB, which has the majority in CII-HB.

M. Roux confirmed that CGE had reached an agreement with Siemens of West Germany in electrical fittings, and that Siemens would take 50 per cent in Arnold-PAE, a CGE subsidiary with a nominal capital of FF 33.35m. The company, M. Roux said, was too small in the field, with 1978 sales of FF 313m. The agreement with Siemens would reinforce its position and lead to wider co-operation between the two groups.

CGE's purchase of an indirect minority shareholding in Sir James Goldsmith's concern, Generale Occidentale, was aimed at balancing its portfolio of interests grouped under Cie Electrotechnique. The move makes CGE the second largest shareholder in Generale Occidentale.

Fourth quarter loss for J. Ray McDermott

By Our New York Staff

J. RAY McDERMOTT, the large engineering group which includes Babcock and Wilcox, last night reported a loss for the fourth quarter of \$29.5m against a profit of \$17.1m (53 cents a share) in the same period last year. Revenues were \$804.5m, compared to \$221m.

This was the first reporting period in which figures for Babcock and Wilcox acquired in 1977, were fully consolidated. However, since the period ended on March 31, it would not have reflected the full impact of the accident at the Three Mile Island nuclear plant which Babcock and Wilcox helped design and build.

J. Ray McDermott did say, however, that the quarter carried a \$43m charge in connection with the relocation of certain operations abroad and "warranty and other related design and fabrication problems experienced in certain nuclear contracts."

The fourth-quarter figures brought J. Ray McDermott's full-year earnings to \$83m (\$1.84 a share) compared to \$159.1m (\$5.02 a share), last year.

Reliance clears way for Exxon bid

BY STEWART FLEMING IN NEW YORK

EXXON announced last night that it will go ahead with its \$1.17bn bid for Reliance Electric "as soon as possible."

The announcement came shortly after the directors of Reliance decided neither to endorse nor oppose Exxon's offer of \$72 per share. The board had previously indicated that it would probably leave it to Reliance shareholders to decide how to respond to the bid.

Mr. G. T. Percy, senior vice-president of Exxon, said: "We are pleased that the Reliance board of directors has concluded that Exxon's proposed

offer of \$72 per share is fair and that they will take no action to oppose such an offer. This meets the condition for Reliance Board action set forth in our proposal."

Since the Exxon bid is generally reckoned to be a generous one, there has been little doubt that Reliance shareholders would accept its terms if offered the opportunity. The main question hanging over the start has been how much political opposition there would be to Exxon's diversification decision and whether the anti-trust agencies in Washington would

INTERNATIONAL CAPITAL MARKETS

Bank chief defends Euromarkets

BY JOHN EVANS

A FURTHER DEFENCE of the Eurocurrency markets, in the face of the present efforts to apply international controls to the system, was made in London yesterday by Mr. David Rockefeller, chairman of Chase Manhattan Bank.

The U.S. banker, in an address to the American Chamber of Commerce, rejected criticisms that the Euromarkets had encouraged irresponsible lending practices.

An additional argument that the markets had also exacerbated world inflation was also overstated, Mr. Rockefeller added.

"If the Eurocurrency market were somehow to close down tomorrow, world inflation would not evaporate."

The Chase chairman is the second senior U.S. banker to launch this week a defence of the Euromarkets. On Monday Mr. Walter Wriston, the chairman of Citicorp, warned that Euromarket controls carried grave risks for global financial stability.

Mr. Rockefeller recalled that,

after the massive oil price increase of 1973, the intermediation of commercial banks in the market had made from the Organisation of Petroleum Exporting Countries funds available to those nations that were short of cash.

However, the problem may be more complicated now in the face of a new wave of oil price increases, he added.

"Some developing nations may have already reached their borrowing capacity and some commercial banks may be confronted with limits of country exposure."

"Therefore, this time the commercial banks may not be able to assume the prime responsibility of recycling surplus OPEC funds although they will surely continue to play an important role."

Mr. Rockefeller said he believed it was imperative that the developed and developing world agree on new solutions to supplement commercial recycling.

Such solutions should allow for a greater reliance on international co-operation, an international system for providing credit such as the IMF "Witteveen" facility or a revised version of the safety net proposed in 1974 by Mr. Kissinger, the U.S. Secretary of State.

In medium-term lending, meanwhile, the London-based Scandinavian Bank said it has received a mandate to support a project worth more than \$400m for a pulp and paper mill in the Philippines.

Scandinavian Bank, acting on behalf of the Finnish and Swedish suppliers, will support the financing of the export content, and arrange infrastructure financing.

The Venezuelan state steel-maker, Siderurgica del Orinoco (Sidor), has completed a \$250m Eurocurrency financing in order to help it raise its steel capacity from 1.2m to 5m metric tons.

The 12-year loan was arranged by N. M. Rothschild and Barclays Bank International.

The loan carries a fixed interest rate ranging between 7 and 8 per cent.

Dollar bond issue calendar swells

BY OUR EUROMARKETS STAFF

AS THE Eurodollar bond market's strongest rally in several months continued to gain pace yesterday, Unilever NV announced a new \$100m straight-debt issue.

The new issue calendar in dollar bonds is now reaching sizeable proportions, with other U.S. and Europe corporate bonds scheduled yesterday, including issues from AGA AB and GTE Finance NV.

Dealers said that the market's strength, based on declining short-term interest rates, a firm dollar and hopes of a slowdown in U.S. inflation, is being quickly exploited by a wide range of borrowers.

Some bond analysts believe that the current calendar in dollar bonds, including issues announced this week, is now approaching \$1bn to \$1.5bn, as the market enjoys its best rally since last November.

However, informed German banks are discounting the possibility of an imminent \$500m issue from the European Economic Community, which, if launched, would represent a major portion of the issuing calendar.

Talk that such an offering is due is apparently based on the fact that the EEC's \$500m of 7½ per cent notes, 1979-81 matures this December. Markets have been discussing the possibility of a major EEC issue to replace this bond, but German banks describe such speculation as "premature."

The \$100m of Unilever bonds, due 1987, carry a coupon of 9½ per cent and issue price of 99½. The issue will be underwritten by an international group led by Amsterdam-Rotterdam Bank, Deutsche Bank, Swiss Bank Corporation International and Morgan Guaranty Ltd.

The bonds will be used partially to repay the \$340m three-year bridging facility used for financing Unilever's acquisition of National Starch and Chemical Corporation of the U.S. last year.

Elsewhere, GTE Finance NV, part of the large U.S. telecommunications group, is offering \$35m of bonds due 1989 through a group led by Salomon Brothers International.

The indicated coupon is a 9½ per cent, with pricing at 99½. The average life is eight years. This is the second Eurobond from the GTE group this year.

The Swedish industrial group, AGA AB, is launching a \$25m 10-year convertible issue. The coupon is expected to be 7½ per cent.

The conversion premium will be set at 5 per cent above the price of AGA B shares, with the premium not exceeding 15 per cent.

AGS 185 AGA B shares are currently quoted in Stockholm at SKr 173.5. The issue will be handled by a syndicate headed

by Hambros Bank and Svenska Handelsbanken.

Meanwhile, it is understood that the U.S. corporation, I.C. Industries, will shortly launch a dollar offering.

The foreign Deutsche mark Eurobond market moved ahead again yesterday, amid a further revival in overseas demand.

German dealers said the foreign issues market is taking its lead from the reviving domestic DM bond sector. In a reversal of intervention tactics, the Bundesbank is selling increasing amounts of Government paper in the market, successfully offering DM 94m of bonds for sale yesterday.

This brings its sales in the last four trading days to more than DM 160m. Until recently, the central bank had been actively buying Government issues because of the domestic market's weakness, dealers noted.

The improved trend in the DM foreign market has also been created by the recently narrowing of yields vis-a-vis Eurodollar bonds, with the gap in favour of U.S. issues narrowing in recent days to between 1½ and 2½ points.

In addition, a shift of speculative funds into Germany, based on suggestions that the value of the Deutsche mark within the European Monetary System will have to be corrected upwards, has helped support the demand for bonds.

Belgium, whose currency is among the weakest in the EMS, yesterday raised its Bank Rate to 9 per cent from 8 per cent as a result of current pressures within the EMS.

In new issues, the DM 200m 7½ per cent offering for the Kingdom of Sweden was priced at par, after being originally indicated at 99½. A pricing at par is also being mooted for the DM 100m issue for the Inter-American Development Bank.

There is now speculation that Norges Kommunalbank, expected to announce an issue later this week, will try for a coupon of below 8 per cent in order to take advantage of the DM market's rally.

In floating rate notes, Banque Sudameris has launched a \$30m eight-year issue, at a margin of ½ point. The minimum rate is 6 per cent and the lead manager is Banca Commerciale Italiana.

The flotation of 4m shares of common stock, endorsed by European Depository Receipts, for Nippon Denetsu Kogyo Co., has been set with an issue price of \$1.951 per share. This represents a discount of 5.33 per cent on the Tokyo closing price for its stock on June 12.

Proceeds of the issue will amount to some \$7.2m.

Oslo listing for Volvo shares

BY WILLIAM DULLFORCE IN STOCKHOLM

VOLVO shares will be traded on the Oslo Stock Exchange from Friday, making Norway the fourth country in which the Swedish car and truck company's shares are quoted. They are already listed in London, Frankfurt, Hamburg and Dusseldorf, as well as Stockholm.

The Oslo listing signals the Volvo board's intention to seek closer ties with Norway, even though shareholders rejected in

January its plan to sell a 40 per cent holding in the company to the country.

The Swedish Riksbank, the central bank, has authorised the sale to Norway of up to 200,000 Volvo "A" and "B" shares without the use of so-called "switch" currency. A premium usually has to be paid for this type of currency.

At present about 500,000 of Volvo's 17.7m shares are traded abroad and the board intends to increase the proportion. The company has just launched a one-for-five rights issue, which will increase the share capital to just over SKr 1bn (\$227m).

Volvo bought components to a value of Nkr 280m (\$58m) from Norwegian sub-contractors last year and in the wake of the aborted share purchase deal with Norway it has about 30 new purchasing projects under consideration.

Dutch insurer to borrow

BY OUR FINANCIAL STAFF

NATIONALE-NEDERLANDEN plans a major borrowing programme in order to finance part of its acquisition of the U.S. insurance group, Life Insurance Company of Georgia.

The Dutch company is to issue two loans totalling the equivalent of \$220m. This compares with a purchase price of \$360m envisaged for the U.S. acquisition. N-N is to offer a

dollar loan of \$120m and at the same time issue guilders worth FF 121m.

Earlier this month, N-N reported that operating revenue in the first quarter of 1979 had risen by 11 per cent. The company also predicted a rise of a tenth in net earnings for the whole of this year. Its profit forecast assumed completion of the U.S. acquisition.

FT INTERNATIONAL BOND SERVICE

The list shows the 300 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June 13

U.S. DOLLAR STRAIGHTS					OTHER STRAIGHTS				
Issued	Bid	Offer	Change on day	Yield	Issued	Bid	Offer	Change on day	Yield
Am. Sav. 10 1/2	81	97 1/2	+0.12	11.24	Am. Sav. 10 1/2	81	97 1/2	+0.12	11.24
Allen 10 1/2	81	97 1/2	+0.12	11.24	Allen 10 1/2	81	97 1/2	+0.12	11.24
Am. Sav. 10 1/2	81	97 1/2	+0.12	11.24	Am. Sav. 10 1/2	81	97 1/2	+0.12	11.24
Bank of Am. 10 1/2	81	97 1/2	+0.12	11.24	Bank of Am. 10 1/2	81	97 1/2	+0.12	11.24
Bank of N.Y. 10 1/2	81	97 1/2	+0.12	11.24	Bank of N.Y. 10 1/2	81	97 1/2	+0.12	11.24
Bank of Montreal 10 1/2	81	97 1/2	+0.12	11.24	Bank of Montreal 10 1/2	81	97 1/2	+0.12	11.24
Bank of Toronto 10 1/2	81	97 1/2	+0.12	11.24	Bank of Toronto 10 1/2	81	97 1/2	+0.12	11.24
Bank of the South 10 1/2	81	97 1/2	+0.12	11.24	Bank of the South 10 1/2	81	97 1/2	+0.12	11.24
Bank of the West 10 1/2	81	97 1/2	+0.12	11.24	Bank of the West 10 1/2	81	97 1/2	+0.12	11.24
Bank of the East 10 1/2	81	97 1/2	+0.12	11.24	Bank of the East 10 1/2	81	97 1/2	+0.12	11.24
Bank of the Middle 10 1/2	81	97 1/2	+0.12	11.24	Bank of the Middle 10 1/2	81	97 1/2	+0.12	11.24
Bank of the North 10 1/2	81	97 1/2	+0.12	11.24	Bank of the North 10 1/2	81	97 1/2	+0.12	11.24
Bank of the South 10 1/2	81	97 1/2	+0.12	11.24	Bank of the South 10 1/2	81	97 1/2	+0.12	11.24
Bank of the West 10 1/2	81	97 1/2	+0.12	11.24	Bank of the West 10 1/2	81	97 1/2	+0.12	11.24
Bank of the East 10 1/2	81	97 1/2	+0.12	11.24	Bank of the East 10 1/2	81	97 1/2	+0.12	11.24
Bank of the Middle 10 1/2	81	97 1/2	+0.12	11.24	Bank of the Middle 10 1/2	81	97 1/2	+0.12	11.24
Bank of the North 10 1/2	81	97 1/2	+0.12	11.24	Bank of the North 10 1/2	81	97 1/2	+0.12	11.24
Bank of the South 10 1/2	81	97 1/2	+0.12	11.24	Bank of the South 10 1/2	81	97 1/2	+0.12	11.24
Bank of the West 10 1/2	81	97 1/2	+0.12	11.24	Bank of the West 10 1/2	81	97 1/2	+0.12	11.24
Bank of the East 10 1/2	81	97 1/2	+0.12	11.24	Bank of the East 10 1/2	81	97 1/2	+0.12	11.24
Bank of the Middle 10 1/2	81	97 1/2	+0.12	11.24	Bank of the Middle 10 1/2	81	97 1/2	+0.12	11.24
Bank of the North 10 1/2	81	97 1/2	+0.12	11.24	Bank of the North 10 1/2	81	97 1/2	+0.12	11.24
Bank of the South 10 1/2	81	97 1/2	+0.12	11.24	Bank of the South 10 1/2	81	97 1/2	+0.12	11.24
Bank of the West 10 1/2	81	97 1/2	+0.12	11.24	Bank of the West 10 1/2	81	97 1/2	+0.12	11.24
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Bank of the North 10 1/2	81	97 1/2	+0.12	11.24	Bank of the North 10 1/2	81	97 1/2	+0.12	11.24
Bank of the South 10 1/2	81	97 1/2	+0.12	11.24	Bank of the South 10 1/2	81	97 1/2	+0.12	11.24
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SPANISH MOTOR INDUSTRY

Five years of dynamic expansion ahead

BY ROBERT GRAHAM IN MADRID

THE SECTOR of the Spanish economy is undergoing such change and is anticipating such dynamic expansion as the motor industry. Within the next five years new investment could total \$2.8bn.

As a result existing production capacity should double and the same time the vestiges of Spanish control will have disappeared. The industry will be dominated by Fiat, Ford, Renault, Peugeot and Chrysler in all orders. This follows GM's decision this week to invest in Spain and Fiat agreeing the terms of a takeover of SEAT.

The change has come about through three reasons. Firstly, three major American multinationals have decided that an now has sufficient domestic growth potential to be an important market. Secondly, Spain's prospective entry into the EEC and liberalisation of existing restrictive legislation makes it an attractive launching pad for the European market. Thirdly, SEAT, the largest car producer and Spanish controller, had to be restructured to survive and this could only be done logically by Fiat taking control of the company to

whom it supplies all the technology, and in which it already has a 34 per cent shareholding.

The contracts between this week's two announcements—GM's \$1.8bn investment in Spain and the move by Fiat—striking. GM is setting up two greenfield plants, one near Saragossa to make a new small saloon for the European market and another at Cadiz to produce components. The initial production target is 270,000 units with total direct employment of 12,000.

Fiat, meanwhile, is to take over loss making SEAT. Spain's largest producer, with a production capacity of 370,000 units and which employs 32,000. One of the main features of the Fiat takeover is a commitment by Fiat to maintain the existing workforce, which last year produced only 288,000 vehicles.

The prime interest of GM in Spain is as a convenient export site for the European market. Doubtless the success of the Ford operation at Almusafes, which has now been in operation for three years, played a part in convincing GM.

Ford was allowed to set up its \$650m Almusafes plant near Valencia on the condition that it could sell no more than 10 per cent of the previous year's

Spanish registrations in the domestic market. Ford has never liked this restriction. For instance last year it could only sell 66,000 "Fiestas" on the local market out of a total production of 270,000. Ford maintains it could have sold 14,000 more.

Nevertheless, it has been able to export successfully, becoming the leading Spanish exporting company, and it calculated correctly—from the start that eventually this legislation would change.

The GM target is to export two-thirds of production. This coupled with Ford's orientation, plus a greater switch to exports by SEAT/Fiat, will mean that in future over 50 per cent of total Spanish production will be geared to export. Last year in a flat market the percentage was 35 per cent.

Until the arrival of Ford the

restrictive nature of the legislation meant that manufacturers set up in Spain in order to penetrate the local market. The complexion will change further if Ford does decide—as is now thought likely—to go ahead with

The plans to double Spanish car manufacturing capacity within the next five years reveals contrasting expansion ideologies of such international car makers as Fiat and General Motors. This major reorganisation comes at a time when the Spanish economy is bracing itself for entry into the EEC

from having been the sole car producer in the country. Thus the company felt obliged to offer a comprehensive range of cars. This worked so long as there was no choice for the buyer. But for the past 10 years the increasing choice offered by new manufacturers with limited or single ranges has been keenly felt by Fiat. Its market share has fallen from almost 60 per cent to just below 35 per cent, sustained by sales of the 127.

Losses at SEAT last year exceeded \$150m and will be the same this year, if not worse, with stocks still above 45,000. Part of Fiat's agreement to assume control of SEAT is acceptance by the latter of a \$770m five-year restructuring programme designed to make it competitive.

The plan envisages \$230m being invested in a new product range—basically the Ritmo and the Cero. A further \$300m will go on new plant to include expansion of facilities at Pamplona and a new spare factory at Barcelona. There is, however, no guarantee that this scheme will work. Much will depend on how SEAT/Fiat fares this year and next in the domestic market and whether it can stem the losses.

More importantly it will

depend upon whether Fiat is satisfied over the various conditions it has laid down for its taking control (around 80 per cent) by 1981. Fiat for instance has insisted on the right to switch labour from one plant to another. It would also be surprising if in one form or another labour is not shed. Finally, the plan hinges on the impact of the main new models.

With gradual liberalisation of legislation affecting the auto industry, which began this year, competition will increase. By 1982-83, when Spain is due to join the EEC, all controls will have been removed.

The manufacturers hope the Government will act soon to decontrol prices. Last year, for instance, prices rose 14 per cent against cost increases of 16 per cent. But whereas Fiat needs to raise prices to cover increased overheads, the other multinationals would in some instances cut prices, especially if some fiscal changes were made.

Nevertheless, Spanish industrial overheads in the past two years have risen three times the European average and both Chrysler and Ford now pay their workers more than in the UK.

Bank boosts stake in Motor-Columbus

BY OUR FINANCIAL STAFF

SUBSTANTIAL shareholding in the Swiss utility and engineering group, Motor-Columbus, has changed hands since the acquisition of a 100 per cent stake in the company had to build houses in the Union Bank of Switzerland to increase its stake in Motor-Columbus to just over 40 per cent by purchasing the 58 per cent of the company owned by the Swiss.

The deal follows disclosure earlier this week that a West German construction company, Motor-Columbus, had a stake in the value of SwFr 55m in the company.

Motor-Columbus is last year losses of around \$10m. Motor-Columbus made it clear that a deal reconstruction would

also be necessary involving a cash injection into Mobag of some SwFr 100m and a "write-down" of the subsidiary's balance sheet value.

Motor-Columbus now owns 100 per cent of Mobag. The company's partner in the West German venture, Carrel (Walter Haefner) Holdings, has handed over its 40 per cent shareholding to the Swiss company.

Bridj Khindaria writes from Geneva: Mobag had contracted to build three complexes containing 2,000 apartments in Iran.

Motor-Columbus is reported to have already absorbed SwFr 33m in Mobag losses. Mobag officials said in Zurich that their company was left with no choice but to pull out of the massive Iranian contract.

About 60 per cent of the contracts provisions had been fulfilled and Mobag has received SwFr 180m of the contracts proceeds.

However, the new Iranian regime banned further work on the construction project and a strike by customs officials has made it difficult for supplies to reach the building sites.

Australian aluminium plant sited

By John Rogers in Sydney

AUSTRALIA'S LARGEST integrated aluminium group, Alcoa of Australia, has revealed that its second aluminium smelter will be sited at the Victorian port city of Portland. In the south-east of the state. The new project—which will cost an initial A\$350m—will come onstream in 1983 with a start-up production of 120,000 tonnes.

However, the plant will have an overall capacity to handle 300,000 tonnes in line with an expected increase in world demand by the mid-1980s.

The announcement comes after several months of discussions with the Victorian state government, which has been keen to attract heavy industry to depressed industrial growth areas such as Geelong and Portland. The Government will spend over A\$80m providing infrastructure for the project through extra power, port and housing facilities. Nearly 1,000 men will be involved in the construction and the plant will employ 600 when fully operational.

The Government clearly believes the expenditure will be worth while in attracting heavy industries into the city which was originally conceived as a decentralised growth area. The company announced earlier in the year that it would spend A\$85m expanding capacity at its other Australian smelter at Port Henry, outside Geelong. In Western Australia, site preparation is underway for a new refinery at Waterport, south of Perth, while the Penrith refinery is lifting capacity to 2.5m tonnes of alumina at a cost of A\$25m.

Announcing the Victorian move yesterday, Sir Arvi Parbo, the chairman, said "Australia is rapidly emerging as one of the best placed countries to supply world aluminium markets."

Bank Hapoalim makes record rights issue

BY L. DANIEL IN TEL AVIV

BANK HAPAOALIM, Israel's second largest bank, which is controlled by the Labour Federation, has announced a \$11bn (some US\$ 40m) rights issue which, when completed, will become the single largest flotation on the Tel Aviv stock exchange.

The issue will consist of 370m ordinary 121 shares and 68m of 122 registered options. They are to be offered in 88.5m units each consisting of five ordinary shares and one option.

The price of the unit will be 1517.50, meaning that the shares will be priced at 153.10 each and the options at par.

Of the total issue, 28.8m shares will be offered to employees at a price of 152.20 per share. The options can be converted by the holder into ordinary shares by payment of an additional 153.10.

In recent years, Bank Hapoalim has shown the fastest growth rate among the commercial banks in the country. Its balance sheet in 1978 grew by

73.4 per cent—the highest rate among the country's big three. The yield from its shares over the past nine years has consistently exceeded both the rise in the cost-of-living index (to which long-term Government bonds are linked) and the rate of devaluation of the Israeli pound against the dollar.

The shares will be traded ex-rights from today. The rights in turn will be traded on the exchange on July 4-5, and the rights may be exercised up to and including July 8.

Delek shows sharp advance

BY OUR TEL AVIV CORRESPONDENT

DELEK — Israel's second largest oil marketing company, accounting for 30 per cent of overall sales of all types of petroleum products—raised its net profit by 193 per cent in 1978 to 1517.1m (\$47.1m).

Sales rose by 90 per cent to 15.1bn (\$204m), with much of the increase accounted for by the rise in prices, though 10 per cent represented a quantitative gain. Expenses rose by 81 per cent.

The company has been widening its sphere of operations through partnerships in related enterprises, such as Witco Chemicals, and is investigating the possibility of more participation in the chemical industry.

It is also engaged, jointly with an American concern, in large-scale experimental cultivation of the Jujona plant in the

Negov Desert of Israel. The plant yields valuable oil for use in the chemical industry.

The Gurdan group of five metallurgical and one automotive plant controlled by Israel's largest investment company, Chal, expects its net profits this year to rise to 1570m (\$25m) from 1545m in 1978, and its sales to double, to over 15bn (\$40m).

Most of the prospective output during the current fiscal year has already been spoken for. Of the expected total of 15bn sales, just under one-third—or 15300m—will be made by the group's steel castings plant, which works both for the military and the civilian market, a similar amount by the Rom Carmel car plant in Haifa.

Crescent Dyes sales rise

BY P. C. MAHANTI IN CALCUTTA

CRESCENT DYES and Chemicals—ICI India until its conversion into an Indian joint stock company under the Foreign Exchange Regulation Act—has done well in the first year under its new banner.

The company's turnover for 1978 increased to Rs320m (\$40m) from Rs316m in the previous year.

The company has been largely a trading company, and would have had to suspend or greatly curtail its trading activity had it chosen not to alter its status by reducing the foreign shareholding to 40 per cent.

A. L. Mudaliar, the chairman, said at the annual meeting that the new status would enable the company to expand its trading business under India's new liberalised import policy, against the background of ample foreign exchange reserves. The company expected to increase imports of fertilisers and petrochemical products as these were needed for the

economy's priority sectors.

The company wishes to expand its manufacturing interests. It already has three major lines of production—textile auxiliaries; heat treatment salts for the engineering industry; and polyethylene extrusions, concentrating in this line on speciality products like

Montefibre appeals for fresh capital injection

PAUL BETTS IN ROME

DAVID of Montefibre, the leading synthetic fibres subsidiary of the Montedison group, has appealed for a fresh capital injection of 1,200m (\$105.4m) last year saw its short term debt increase to 1,125m at the end of last year. Net sales dropped by 1,440m to 1,245.8m last year.

Montefibre's recovery programme, which now hinges on the constitution of a banking consortium, is understood to include the sale or closure of a number of textile plants.

It would also involve some cuts in the group's workforce, and the completion of the new Acerra complex in Southern Italy which by 1982—or by the end of the recovery programme—would account for about 50 per cent of Montefibre's turnover.

construction and rationalisation programme.

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Interfood lifts earnings

OUR FINANCIAL STAFF

Interfood, the Swiss group includes the Sachera and a chocolate and confectionery interests. Interfood lifted net profits by 20 per cent last year to SwFr 13.3m (\$1.7m) with turnover advanced from SwFr 1.14bn to 1.15bn.

Its companies with last year's forecast by the unimpaired concern that

earnings in 1978 would be more or less maintained.

At the parent company, whose financial year runs to March 31, net profits moved up from SwFr 7.92m to SwFr 8.35m, prompting an increase of SwFr 1 to SwFr 25 in the dividend on the "A" shares and one of SwFr 5 to SwFr 110 on the "B" shares.

W ISSUES IN HONG KONG

Leisure group breaks the ice

BY ANTHONY ROWLEY IN HONG KONG

PROPOSED floating of a hotel and leisure group in Hong Kong, Leisure, has broken the ice in the new issue of its kind in over 100 years.

Wardley has announced the underwriting of 10m shares of HK\$1 par value in FEHE, HK\$1 par value, to the public at HK\$1.15 each, capitalising the company at HK\$115m in all. The remaining 70m shares in FEHE have been issued to Mr. Deacon Chu, FEHE's chairman, and his family.

Mr. Chu is also chairman, and a principal shareholder, of

the Far East Consortium, a quoted property company with investments principally in the Hong Kong New Territories.

FEHE owns two hotels, the Bali Hyatt in Bali, Indonesia, and the Holiday Inn Orchard Palace in Jakarta. The company also manages amusement parks in Indonesia and in Hong Kong as well as owning and operating six cinemas and two bowling centres in Hong Kong.

FEHE does not intend to restrict itself to activities in Indonesia and Hong Kong in future, and one of the reasons for seeking a stock exchange listing is to make the company more internationally known.

The offer document for FEHE's flotation predicts a very large increase in pro-forma profits in 1978—following the consolidation of companies acquired earlier this year from the Chu family—of HK\$5.17m to HK\$13.4m (US\$2.6m) in 1979. It also assumes a much improved performance in the hotel division.

The shares are being offered on a multiple of 9.5 times, prospective 1979 earnings, and at a prospective yield of 8.7 per cent. Dividend cover is 1.2 times and net asset backing—after a substantial revaluation of Indonesian land and buildings—is 82 cents a share.

CREDITANSTALT-BANKVEREIN
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U.S. \$80,000,000
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Extendable at the Notcholder's option to 1997

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the three months from 14th June, 1979 to 14th September, 1979 the Notes will carry an interest rate of 10 3/4 per annum. On 14th September, 1979 interest of U.S. \$27.79 will be due per U.S. \$1,000 Note and U.S. \$27.79-92 will be due per U.S. \$10,000 Note for Coupon No. 1.

European Banking Company Limited (Agent Bank)
14th June, 1979

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Two superb executive aircraft for charter, with experienced captain and co-pilot.

Cessna 421 "Golden Eagle" Based at Southampton Airport—or positioned nearer London if required. Ideal for UK and Europe. Fully airways equipped. Luxurious, fast pressurised 6-seater with bar, fridge stereo and in-flight meals by arrangement.

Bell Jet Ranger Helicopter Based at Brooklands Airport. Webbridge and available throughout the UK. Could be used for ferrying passengers to and from the Cessna 421.

Enquiries to BCA Aviation Ltd., Expedier House, Farnham, Surrey, Telephone: Farnham 726699

Weekly net asset value on June 11, 1979

Tokyo Pacific Holdings N.V.
U.S. \$64.31

Tokyo Pacific Holdings (Seaboard) N.V.
U.S. \$46.86

Listed on the Amsterdam Stock Exchange

Information: Pierson, Holding & Pierson NV Herengracht 214, Amsterdam.

VONTBEL EUROBOND INDICES
145.74=100%

PRICE INDEX	5.679	12.679	AVERAGE YIELD	5.679	12.679
Doll Bonds	96.31	98.98	Doll Bonds	7.411	7.460
HFL Bonds & Notes	96.07	96.11	HFL Bonds & Notes	8.825	8.148
U.S. \$ Ser. Bonds	96.45	96.70	U.S. \$ Ser. Bonds	9.460	8.423
Can. Dollar Bonds	96.54	96.88	Can. Dollar Bonds	9.952	9.981

BEAR STEARNS

We are pleased to announce that

M. R. Horsburgh

has been admitted to membership in the Firm as a Limited Partner

Bear, Stearns & Co.
Members New York Stock Exchange, Inc.
55 Water Street
New York, New York 10041
Atlanta Boston Chicago Dallas Los Angeles New York San Francisco
Amsterdam Geneva Paris

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$60,000,000
Alcoa of Australia Limited

ALCOA AUSTRALIA

10% Bonds Due 1989

The following has agreed to subscribe or procure subscribers for the Bonds:

Credit Suisse First Boston Limited

The Bonds, issued at 100 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Bonds.

Interest is payable annually on 15th June, the first payment being made on 15th June, 1980.

Full particulars of the Bonds and of Alcoa of Australia Limited are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 28th June, 1979 from the brokers to the issue:

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

14th June, 1979

June	June	June	June
------	------	------	------

• Industrials	845.25	867.58	858.15	868.82	858.50	867.84	878.72 ¹	807.08 ²	1061.78 ³	41.22 ⁴
							(10/4)	(3/22)	(11/1/78)	(2/7/85)
M'n's & Ind's	53.00	94.77	64.83	64.83	84.78	84.88	86.86	87.82		
							(2/8)	(2/8)		
Transport...	241.87	229.83	228.46	229.24	238.12	238.61	241.87	242.87	719.86	12.33
							(2/8)	(2/8)	(7/2/85)	(7/2/85)
Utilities	105.18	105.83	103.82	105.78	105.83	102.82	105.18	98.51	108.32	18.58
							(10/8)	(10/8)	(2/8)	(2/8)

• Day's high 851.61 low 837.14

	June 8	June 2	May 25	Year ago (approx)
Ind. div. yield %	6.07	6.16	6.01	5.43

STANDARD AND POORS

	June 12	June 11	June 8	June 7	June 6	June 5	High	Low	High	Low
Indust. -	114.58	115.41	112.47	112.32	112.73	111.59	115.85	107.00	104.94	9.81
Composite	102.89	101.91	101.48	101.79	101.70	100.02	104.54	98.19	100.75	4.65
							(104)	(97.2)	(112.6)	(104.2)
			June 6	May 30	May 25	Year ago (approx)				
Ind. div. yield %			5.26	5.28	5.32	4.85				
Ind. P/E Ratio			7.98	8.26	8.45	9.51				
Lon. Gov. Bond Yield			5.95	5.99	6.05	8.45				

N.Y.S.E. ALL COMMON						Rises and Falls			
1979						June 12, June 17, June 20			
June 12	June 11	June 8	June 7	High	Low	Issues Traded	1,841	1,844	1,898
58.18	57.62	57.48	57.37	58.18	55.88	Rises	1,219	734	686
						Falls	389	719	737
						Unchanged	353	431	468

NEW LOWS		15	17	—
MONTREAL			1879	

	June 12	June 11	June 8	June 7	High	Low	
Industrial Combined	236.45 (287.48)	237.58 (287.58)	237.58 (287.58)	238.42 (12/8)	218-18 (2/1)	226.88 (2/1)	
TORONTO Composite	1574.5	1554.5	1570.5	1570.5	1574.5 (17/8)	1570.5 (2/1)	
JOHANNESBURG							
Gold	212.7	204.7	—	201.5	208.0 (25/8)	224.4 (17/8)	
Industrial	51.25	51.1	—	51.75	50.0 (25/8)	52.5 (2/1)	
June 13	Pre-v	1978	1979	June 13	Pre-v	1978	1979
Australia (C) 578.41	573.75	587.58	546.72	Spain (C) 90.40	89.28	111.86	92.03
Belgium (C) 106.82	108.51	(19/8)	(19/8)	Sweden (C) 551.40	551.21	601.24	547.12
Denmark (C) 94.78	94.78	97.22	88.28	Switzerland (C) 589.5	589.5	592.0	622.0
France (H) 50.5	51.3	51.5	51.5	U.S. 1955	—	—	—
Germany (C) 729.1	726.8	(25/8)	(25/8)	1970, 11 Hong Kong	—	—	—
Holland (C) 72.0	71.5	69.5	71.5	11 Banca Commerciale Italiana 1972	—	—	—
Hong Kong 541.08	545.53	565.50	465.90	2 Tokyo New SE 4/19/58	—	—	—
Italy (H) 77.57	77.57	(5/8)	(5/8)	12 Caisse d'Epargne & d'Industrie 1972	—	—	—
Japan (C) 489.48	483.84	482.47	455.22	25/12/76 & Stockholm Industrial 1/1/59	—	—	—
Singapore (C) 394.79	398.51	(20/8)	345.54	Swiss Bank Corporation, Unavailable	—	—	—
Indices and base prices (all base)							
500 Standard and Poors	—	—	—	—	—	—	—
500 Industrials	—	—	—	—	—	—	—
500 Financials	—	—	—	—	—	—	—
500 Utilities	—	—	—	—	—	—	—
500 Chemicals	—	—	—	—	—	—	—
500 Electronics	—	—	—	—	—	—	—
500 Pharmaceuticals	—	—	—	—	—	—	—
500 Computers	—	—	—	—	—	—	—
500 Aerospace	—	—	—	—	—	—	—
500 Defense	—	—	—	—	—	—	—
500 Energy	—	—	—	—	—	—	—
500 Transportation	—	—	—	—	—	—	—
500 Retail	—	—	—	—	—	—	—
500 Consumer Goods	—	—	—	—	—	—	—
500 Healthcare	—	—	—	—	—	—	—
500 Technology	—	—	—	—	—	—	—
500 Media	—	—	—	—	—	—	—
500 Entertainment	—	—	—	—	—	—	—
500 Telecommunications	—	—	—	—	—	—	—
500 Real Estate	—	—	—	—	—	—	—
500 Insurance	—	—	—	—	—	—	—
500 Financial Services	—	—	—	—	—	—	—
500 Professional Services	—	—	—	—	—	—	—
500 Consulting	—	—	—	—	—	—	—
500 Research & Development	—	—	—	—	—	—	—
500 Manufacturing	—	—	—	—	—	—	—
500 Construction	—	—	—	—	—	—	—
500 Infrastructure	—	—	—	—	—	—	—
500 Environmental	—	—	—	—	—	—	—
500 Safety	—	—	—	—	—	—	—
500 Security	—	—	—	—	—	—	—
500 Defense Contractors	—	—	—	—	—	—	—
500 Aerospace Contractors	—	—	—	—	—	—	—
500 Shipbuilding	—	—	—	—	—	—	—
500 Ship Repair	—	—	—	—	—	—	—
500 Ship Management	—	—	—	—	—	—	—
500 Ship Brokerage	—	—	—	—	—	—	—
500 Ship Finance	—	—	—	—	—	—	—
500 Ship Insurance	—	—	—	—	—	—	—
500 Ship Leasing	—	—	—	—	—	—	—
500 Ship Chartering	—	—	—	—	—	—	—
500 Ship Sales	—	—	—	—	—	—	—
500 Ship Acquisition	—	—	—	—	—	—	—
500 Ship Disposal	—	—	—	—	—	—	—
500 Ship Recycling	—	—	—	—	—	—	—
50							

TUESDAY'S ACTIVE STOCKS			
	Stock	Closing	Change
	price	or	
Chrysler World...	303,500	304	+14
Chester Corp.	708,000	36 1/2	+
Alcan. Kva. Kva.	11,000	2 1/2	+
Belmont	542,100	44 1/2	+
Barnard Ins.	52,000	75	+
IBM	512,000	78	+
Cherter Co. Wiza.	300,100	37 1/2	+9
Storage Tech.	128,000	62 1/2	+
Holdings Inc.	338,000	20	+
America Hess	355,200	41 1/2	+

STOCKHOLM			
June 13	Price	+ or -	Div. Yld
			% %
AGABA (Kr. 400)	1738 +1	6	5.5
Afla-Lava (Kr.50)	1192 +6	6	5.0
ASEA (Kr. 100)	1010 +2	5	5.0
Atlas Corp. (Kr. 25)	70.5 -3	5	4.5
Bilfinger	149	5	4.5
Bofors	149	5	4.5
Cellulosa	2039 -1	11	4.5
Elect. Lux (Kr.45)	1012	5	5.4
Ericsson (Kr. 50)	149	5	5.4
Esso (Free)	135 +2	4	5.0
Fagersta	114 -1	4	5.0
Graab (Free)	149	5	5.4
Handelsbanken	349 +4	18.5	5.5
Marabou	735 +9	5	5.2
Moln. (Free)	149 +0.5	2.8	5.0
Svensk K. Kr.180	8256	6.8	5.5
S.K.F. (Kr. 50)	85.54 -1	4.5	5.5
Skand. Enskild	72.5	9	5.1
Tandst. (Kr.50)	61	8	5.2
Uddeholm	60 -1	—	—
Volvo (Kr. 50)	704 -1	7	10.0

OSLO			
June 13	Price	+ or -	Div. Yld
			% %
Bergan Bank	101.5	6	5.9
Bergsgaard	74.5 -5.6	—	—
Creditbank	116.0 +1.5	11	5.5
Kato	42.0 -2.0	7.5	5.5
Kreditkassen	114.5 +0.5	11	5.5
Norsk Hydro (Kr. 50)	426.79 +9.28	12	5.5
Storebrand	115.0 -0.5	7	6.1

JOHANNESBURG			
MINES			
June 13	Rand	+ or -	
Anglo American Corp.	8.15	—	—
Charter Consolidated	24.00	—	—
East Orelandine	15.40	—	—
Elango	15.40	—	—
Harnco	5.00	—	—
Kinross	6.80	—	—
Klondike	22.00	—	—
Rustenburg	2.80	—	—
St. Helens	17.75	—	—
South African Platinum	17.75	—	—
Gold Fields SA	38.25	—	—
Union Corporation	8.25	—	—
De Beers De Beers	22.00	—	—
Glynnvick	7.25	—	—
East Rand Pty.	3.00	—	—
President Brand	18.75	—	—
President Brand	15.00	—	—
Welkom	6.40	—	—
West Drahtman	51.75	—	—
Western Deep	17.50	—	—

INDUSTRIALS			
AECI	4.35	—	—
Abcon	2.28	—	—

PARIS			
June 13	+ or -	Div. Yld	
		% %	
500	955.0	-28	4.1
500	955.0	-28	4.1

2.GE	386.0	-0.6	31.5	8.8	Globalmarine Stores	12.75
C.I.T. Alcatel	1022	+4	81	7.9	Hulets	3.00
					LTA	2.25

[illegible]

Aesara	1.15	-0.01	0.14	12.07	Banco Zaragozano ...	231	-4
Bancodo Brazil.	1.62	+0.01	0.11	6.51	Oregados	162	-3

Sanco Itau PN ..	1.31	-0.10	7.53	Espanola Zind	58	-	2
Geigo MFeira OP	1.72	+0.02	0.10	6.78	Fecsa (1,000)	58.50	0.25
				Col. Brasileira	58	-	

Com. Amer. O.P.	2.07	0.20	9.48	Gr. Flacimosa	66	+ 2	
Petrobras PP.	1.49	+ 0.01	0.13	9.67	Hidroia	64	+ 1
Petroli CB	1.30		0.28	9.57	Iberdrola	63	

711011 OF	1.20	0.00	0.00	Petrofiber	93	-
Souza Cruz OP..	2.15	+ 0.04	0.08	Petroleas	152	-1
Unio PE	4.50	- 0.01	0.25			

Valentín Doce PP	1.65	-0.12	0.15	8.57	Snicsa	43	-1
Eugenio C. 2003					Sogefra	128	

Source: Rio de Janeiro SE.

the 1990s, the number of people in the United States who are 65 years of age or older is projected to increase from 20 million to 35 million, and the number of people 75 years of age or older is projected to increase from 10 million to 17 million (U.S. Census Bureau, 1996).

...the fact that the *Journal of Management Studies* is a leading journal in the field of management studies, and that the *Journal of Management Studies* is a leading journal in the field of management studies.

1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 26

مکتبہ اعلیٰ

'Famine' warning in Zambia

By Michael Holman

USAKA — Zambia's maize crops are down to 14 weeks' supply, Mr. Daniel Lurunga, general manager of the National Agricultural Marketing Board, warned yesterday.

The 1979-80 crop will not be harvested until early next year and the probability that supplies of this staple food will run out October has forced Zambia to place orders in South Africa, India, and Tanzania, and appeal friendly countries for assistance.

Malawi has been the first to respond, with a gift of 15,000 tonnes. An shipment of 50,000 tonnes is due from South Africa, and a shipment of 10,000 tonnes from India. The need for maize, as well as other foodstuffs, is acute.

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Fresh upsurge in coffee

By Richard Mooney

COFFEE FUTURES prices rose sharply on the London and New York markets yesterday as dealers awaited the first official estimate of the damage done to the Brazilian crop by last month's frost.

The September quotation on the London robusta market ended the day 571 higher at £1,933.5 a tonne, the highest level for more than a year. Earlier September coffee had climbed to £1,950 a tonne.

Mr. Octavio Rainha, president of the Brazilian Coffee Institute, said in Rio de Janeiro that he planned to announce the results of the institute's frost damage survey at a Press conference yesterday.

Early trade estimates following the frost put the damage to the 1980-81 crop at 8.5m bags (60 kilos each) but subsequent estimates have gradually reduced this figure. At the weekend traders said they thought about 5.5m bags had been lost in the current season.

However, many local market sources were predicting yesterday that the IBC survey would show a higher level of damage.

Nervousness ahead of the IBC announcement also triggered a sharp rise in the London and New York markets yesterday as dealers awaited the first official estimate of the damage done to the Brazilian crop by last month's frost.

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Early trade estimates following the frost put the damage to the 1980-81 crop at 8.5m bags (60 kilos each) but subsequent estimates have gradually reduced this figure. At the weekend traders said they thought about 5.5m bags had been lost in the current season.

However, many local market sources were predicting yesterday that the IBC survey would show a higher level of damage.

Nervousness ahead of the IBC announcement also triggered a sharp rise in the London and New York markets yesterday as dealers awaited the first official estimate of the damage done to the Brazilian crop by last month's frost.

The September quotation on the London robusta market ended the day 571 higher at £1,933.5 a tonne, the highest level for more than a year. Earlier September coffee had climbed to £1,950 a tonne.

Mr. Octavio Rainha, president of the Brazilian Coffee Institute, said in Rio de Janeiro that he planned to announce the results of the institute's frost damage survey at a Press conference yesterday.

New fall in hides prices

By Our Commodities Staff

HIDES PRICES fell again on the London market yesterday as demand continued to weaken.

Prices were up to 5p a kilo lower with the 26-30.5 kilos second clear price trading at 92p, 15p below the all-time peak reached just over a month ago.

Dealers said there was little or no Continental buying and the Russians stayed out of the market. Domestic buying interest "pays" was "pays" was "pays".

The Eastern bloc buying which boosted prices earlier this year appeared to have crumbled. Continental buying is not likely to pick up until after the summer holiday season, they said.

The market has been looking vulnerable for two or three weeks, one dealer commented, but the fall has not been very great. "Now a surplus is developing in the absence of Continental buying, and this is pushing prices lower."

Offerings of tea at Calcutta auctions have been dropping in recent weeks, a trend the local dealers attribute directly to the effect of the drought on North Indian tea output.

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UK AGRICULTURE

'Green £' change in the wind

By Christopher Parkes

MR. PETER WALKER, Minister of Agriculture, is hoping to ask for a devaluation of the "Green pound" at his first full meeting with his European Community counterparts in Luxembourg next Monday and Tuesday.

It is understood that an adjustment in the value of this national currency in which EEC farm prices are translated into sterling, has been approved by a Cabinet sub-committee and that final blessing will be sought at a full Cabinet meeting in London today.

Given approval, the Minister may announce his plan, but without detailing the extent of the devaluation he is seeking, during Friday's agricultural debate in the Commons.

Devaluations raise farmers' incomes indirectly by increasing the support buying prices for major commodities such as grains, beef, sugar and dairy products. Increases in meat and dairy prices also eventually filter through to consumers.

Farmers have been asking for a 10 per cent devaluation which would raise prices by about the same amount, but something closer to 5 per cent is expected. And it is unlikely that the full devaluation would apply to all commodities at the same time.

One of the more likely schemes would be to arrange for the change to be applied to pigmeat and bacon immediately, with other commodities being affected later in the year. For milk, for example, the most sensible time for a change would appear to be in the autumn.

This scheme would bring some relief to the bacon industry, which claims to suffer severely from the monetary compensatory amount subsidies paid on bacon coming in from Denmark, Holland and Ireland. Devaluation would reduce these subsidies and bring increases in bacon prices which might then be passed back to pig farmers.

And if the change were not applied to cereals until later in the year that would give pigmen a spell when they might expect higher prices for their stock without having to pay more for cereal feed.

The effects of a 5 per cent devaluation, approved by the EEC Council earlier this year when Labour was in power, are still being felt through the year.

Justification for a change is not hard to find. A recent report from the North of Scotland College of Agriculture said bank borrowing by farmers is



Mr. Peter Walker

expected to reach new record levels this year as they absorb a swingeing round of cost increases.

Fertilisers, feed, chemicals, machinery and transport costs will all rise steeply this year. Last year, Government figures show, farmers' real incomes fell 11 per cent, compared with a 2 or 3 per cent increase in real earnings in other industries.

And in the wake of the Budget, the National Farmers' Union, which had been hoping

for tax reliefs and other incentives, glumly announced that the Chancellor's plans would add a further £50m a year to agriculture's costs, making devaluation "imperative".

To add to farmers' troubles, the long winter and the late spring have severely reduced cash flow. Crops are behind schedule, many acres of grain had to be re-sown because frost killed young plants, and the grass has been slow to grow, forcing livestock producers to buy in expensive manufactured feed. There are more possible dangers in store. Haymaking and conservation of silage have been slow to start.

But whatever the farmers' needs, a devaluation would fuel inflationary spiral affecting consumers. Prices of butter, cheese and sugar would rise quickly while the impact on beef and cereal products would probably be dissipated, or at least delayed. Beef prices are currently so high that a rise in support buying prices following devaluation would have little discernible impact at retail level.

Beef is now 15 per cent dearer than a year ago, and increases in the wholesale pipeline have yet to be passed on to shoppers who are showing signs of hiving less.

While the effects on consumers are serious enough, Mr. Walker could well run into a

storm of opposition from his colleagues in Europe. He has already made it plain that he intends to insist on a general freeze in EEC prices for commodities in surplus at this year's review. Applied in Germany, for example, such a standstill would bring a reduction in real farm earnings.

But the British Minister, whose farmers have already benefited from one devaluation this year, is seeking even higher prices for them through monetary manipulations.

The other ministers will not take kindly to the notion of special treatment for Britain, and although they would not be likely to veto any attempt at devaluation, they would certainly make it their business to apply every possible pressure on the "new boy" from London and squeeze every possible concession from his for "permitting" him to devalue.

The French minister, for example, who adamantly rejects the Commission's call for a price freeze, can be counted on to make the most of any opportunity presented by Mr. Walker. An experienced Council hand, and adept "horse-trader" he will probably agree to a devaluation for Britain, if Mr. Walker softens his support for Commissioner Gundlach's stringent price restraint proposals.

EEC 'should' id sugar pact

UK Government believes European Community should stabilise world prices at more satisfactory levels, Lord Sandys, agricultural spokesman, told the Lords yesterday.

He said the subject would be discussed between the EEC and the UK at the International Sugar Conference in London.

Lord Sandys had been asked Lord Robertson to seek, through the Council of Ministers, a cut in the amount of sugar imported into the UK from overseas producers.

Brussels, the EEC Commission authorised exports of 100,000 tonnes of white sugar to the UK at a maximum export price of £20.50 per tonne.

Units per 100 kilos (£29.57) in copper. After opening lower copper prices advanced steadily as new buying interest came in and the upward move gained further strength when New York market values moved higher as well. Cash wirebars rose by £21 to £902.3 a tonne, increasing its premium over the three months quotation which gained £18 to £635.5. Dealers claimed that supplies immediately available remained very scarce, and new buying interest attracted at the lower price levels had found a general absence of sellers.

It was thought that the market may have been oversold by speculators in the past few days as prices declined and they were now finding difficulty in covering these sales by matching purchases.

The upward trend in lead was also encouraged by the recovery in copper. After opening lower copper prices advanced steadily as new buying interest came in and the upward move gained further strength when New York market values moved higher as well. Cash wirebars rose by £21 to £902.3 a tonne, increasing its premium over the three months quotation which gained £18 to £635.5. Dealers claimed that supplies immediately available remained very scarce, and new buying interest attracted at the lower price levels had found a general absence of sellers.

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Strong rally in lead and copper markets

By John Edwards, Commodities Editor

LEAD AND COPPER prices rallied strongly yesterday defying the upward trend in the value of sterling, which would normally have been a depressing influence.

Cash lead jumped by £30.5 to £902.3 a tonne, increasing its premium over the three months quotation which gained £18 to £635.5. Dealers claimed that supplies immediately available remained very scarce, and new buying interest attracted at the lower price levels had found a general absence of sellers.

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Drought hits Indian tea production

By Our Calcutta Correspondent

NORTH INDIAN tea output is currently running at least 25m kilos behind the previous year's figure at this time according to industry sources here.

North India output up to last April totalled 19.2m kilos compared with 27m kilos during the first four months of last year. However, South India output for the first four months of this year was some 7m kilos higher than last year's, which almost made up for the deficit in the north during May.

The severity of the current drought has seriously hit tea output in Upper Assam which produces almost half the North Indian tea.

Offerings of tea at Calcutta auctions have been dropping in recent weeks, a trend the local dealers attribute directly to the effect of the drought on North Indian tea output.

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Australian wool stockpile falls

By Our Commodities Staff

THE AUSTRALIAN wool stockpile fell at end-May to the lowest level since soon after the "floor" support price scheme was introduced in September 1974, according to the Australian Wool Corporation, reports Reuters.

In its May Monthly Perspective publication the Corporation said its stocks had fallen to 382,200 bales from 450,515 bales at end-April. This compares with slightly under 1m bales in May 1978 and a peak stockpile of 1.9m bales in November 1975.

The Corporation said Australian wool exports rose 19.7 per cent to 513,550 kilos, greasy equivalent in the first three quarters of the 1978/79 season compared with the previous July-March period.

It said exports to Japan rose 15 per cent to 148,580 kilos while Soviet purchases were up by 48 per cent.

Other features of wool export performance were sharp rises in shipments to Taiwan, the U.S. and South Korea. The U.S. exports to South Korea, Taiwan and Hong Kong are expected to continue to expand as the textile industries in those countries move to upgrade quality, the corporation added.

Development of the textile industries of the lower-cost Asian countries should also contribute to a further steady growth in the share of wool exports to the area, it was noted.

The AWC said the share of Australian wool exports to south and east Asia, excluding Japan, had risen to 10.6 per cent of total exports in the 1977/78 season from 7.8 per cent in 1970/71.

This region is one of the most significant growth areas in wool textile activity, particularly South Korea, Taiwan, Hong Kong and India, mainly due to low labour costs.

It noted that China, which has a large, well-trained cheap workforce, has emerged as a potentially strong competitor in the international textile market.

A further shift in the source of low-cost textiles and apparel is under way, the AWC said. This is to countries such as China, Sri Lanka, Mauritius, Malaysia, Thailand, Indonesia, Mexico and Brazil.

Geelong prices for Merino fleeces were up to 2.5 per cent dearer compared with yesterday's interstate values, dealers said.

The trade purchased 93.5 per cent of the offering, the AWC 4.5 per cent and 2 per cent was passed in.

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BRITISH COMMODITY MARKETS

BASE METALS

LEAD—Futures on the London Exchange. After opening at £893 to £895, the market moved higher to £902.3 by 11.00 a.m. The market was firm, with a general upward bias.

COPPER—Futures on the London Exchange. After opening at £1,933 to £1,935, the market moved higher to £1,933.5 by 11.00 a.m. The market was firm, with a general upward bias.

ZINC—Futures on the London Exchange. After opening at £1,733 to £1,735, the market moved higher to £1,733.5 by 11.00 a.m. The market was firm, with a general upward bias.

NICKEL—Futures on the London Exchange. After opening at £1,133 to £1,135, the market moved higher to £1,133.5 by 11.00 a.m. The market was firm, with a general upward bias.

ALUMINUM—Futures on the London Exchange. After opening at £1,333 to £1,335, the market moved higher to £1,333.5 by 11.00 a.m. The market was firm, with a general upward bias.

SILVER—Futures on the London Exchange. After opening at £1,533 to £1,535, the market moved higher to £1,533.5 by 11.00 a.m. The market was firm, with a general upward bias.

GOLD—Futures on the London Exchange. After opening at £1,733 to £1,735, the market moved higher to £1,733.5 by 11.00 a.m. The market was firm, with a general upward bias.

PLATINUM—Futures on the London Exchange. After opening at £1,933 to £1,935, the market moved higher to £1,933.5 by 11.00 a.m. The market was firm, with a general upward bias.

COCAOA—Futures on the London Exchange. After opening at £1,133 to £1,135, the market moved higher to £1,133.5 by 11.00 a.m. The market was firm, with a general upward bias.

TEA—Futures on the London Exchange. After opening at £1,333 to £1,335, the market moved higher to £1,333.5 by 11.00 a.m. The market was firm, with a general upward bias.

SPICES—Futures on the London Exchange. After opening at £1,533 to £1,535, the market moved higher to £1,533.5 by 11.00 a.m. The market was firm, with a general upward bias.

WHEAT—Futures on the London Exchange. After opening at £1,733 to £1,735, the market moved higher to £1,733.5 by 11.00 a.m. The market was firm, with a general upward bias.

Fears about inflation and political conflict after Budget takes 12.5 off equity index at 488.9—Gilt falls to £3½

Account Dealing Dates
Option
First Declared Last Account
Dealings from Dealings Day
June 4 June 14 June 15 June 26
June 18 June 28 June 29 July 10
July 2 July 12 July 13 July 24
New time dealings may take
place from 9.30 am two business days
earlier.

Inflationary worries and fears of political conflict in the wake of the first Tory Budget led to a thoroughly despondent stock market yesterday. Following the jump of 2 to 14 per cent in 31st March, the Government Securities index closed 1.70 down at 71.15, its lowest since March 15 and over 6 per cent off its 1979 high of 75.91 recorded on May 4.

Equities also closed very depressed although most leaders ended a shade above the day's lowest. Initial losses of only a few pence were soon extended to double-figures as selling increased with sentiment undermined by the further squeeze on profit margins of the big exporting concerns because of sterling's strength.

Most institutional operators remained on the sidelines awaiting a clearer picture to emerge but there was little

generally apart from the long tap Treasury 1½ per cent 2001/04. An accumulation of investment orders, reputed to total around £1bn, at sharply lower prices for this particular stock exhausted the Government broker's supplies and the quotation rallied to £92½ before easing again late to close with a net fall of 3½ at £92. Other 3½s adopted a similar course and ended with losses extending to 3½, although the short-dated low-coupon Exchequer 3 per cent dropped 5 points to 77½. The FT Government Securities index closed 1.70 down at 71.15, its lowest since March 15 and over 6 per cent off its 1979 high of 75.91 recorded on May 4.

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Most institutional operators remained on the sidelines awaiting a clearer picture to emerge but there was little

doubt that some small public investors were nervous about the economic and political situation. Measuring the day's trend, the FT 30-share index began 3.8 off and by 2 pm was registering a fall of 12.5, before a close of 12.5 down on balance at 488.9, the first time it has been below 500 since March 7.

Weighty selling of investment currency followed the proposed relaxation in exchange control regulations. The premium dropped to 37½ per cent, before sufficient institutional support developed to arrest the downturn and, despite the late strength of sterling, rates recovered to around 41 per cent at the close, a fall of 9½ points on the day. Yesterday's SE conversion factor was 0.8408 (0.8154).

More interest was shown in the Traded Option market and the number of contracts completed rose to 1,269 from 1,008 on Tuesday. A good business was transacted in GEC in which 343 deals were recorded, 148 and Marks and Spencer 143.

Banks retreat

Having risen sharply immediately after the Budget in anticipation of an early rise in their base lending rates, the major clearing banks retreated in sympathy with the general trend. Barclays finished 18 lower at 450p as did Lloyds, to 320p, while Midland, 415p, and NatWest 355p, fell 15. The sharp drop in the investment currency premium depressed overseas issues in which double-figure falls were also commonplace. ANZ fell 22 to 265p, Bank of New South Wales 19 to 205p, and Commercial Bank of Australia 14 to 145p, while Allgemeine dropped 6½ points to £80. Still reflecting the new credit squeeze measures, Hire Purchases gave ground throughout. Lloyds and Scottish and Provident Financial lost 9 to 115p and 89p respectively, while Wagon Finance relinquished 3½ to 41p. Recently firm on buying ahead of the forthcoming annual results, Hambros succumbed to profit-taking and fell 18 to 294p among Merchant Banks.

Closing falls in insurances ranged to 12, with Lloyds Brokers particularly unsettled by fears of the effect on earnings exerted by the strength of sterling. Willis Faber dropped 8 to 225p and Bowring lost 7 to 120p.

Consideration of the Budget proposals prompted a fair amount of selling of Brewery shares after the previous day's late upward flurry. Bass ran back 4 to 213p and Scottish and Newcastle, a recent speculative favourite, lost 2½ to 69p. Elsewhere, Distillers weakened 6 to

217p on fears about its overseas earnings and the increase in interest rates.

Building issues encountered persistent selling on fears of increased mortgages and on the Chancellor's proposal to cut the support grant to local authorities. Taylor Woodrow fell 25 to 380p, Costain 12 to 166p and Wimpey 4½ to 31p. Barratt Developments closed 3 cheaper at 110p and Federated Land and Building gave up 4 to 69p. International Timber ended down at 120p following the 48.3p cash offer which accompanied the interim results. Blue Circle declined 10 to 314p and BPF shed 12 to 202p. Against the trend, Burnett and Hallamshire found support and firmed 7 to 400p; the annual results are due next Wednesday.

A steady stream of selling left the 48.3p cash offer, which accompanied the interim results, to 115p, while profit-taking left Bernard Matthews 9 cheaper at 268p and Arava 4 off at 100p. Among Supermarkets, Associated Dairies lost 10 to 275p, but Sainsbury held up fairly well and eased only 3 to 332p.

News that the group's casino licences hearing had been adjourned had no apparent impact on the share, which closed 10 cheaper at 206p.

Misc. leaders flat

Following overnight consideration of the Budget, miscellaneous industrials opened lower and swiftly extended their falls in sympathy with the collapse in the oilseed market. Concern about their overseas earnings potential in the wake of the fresh rise in sterling additionally depressed Reckitt and Coleman which gave up 11 to 485p and Beecham, recently weak on disappointing results, a further 17 lower at 545p, after 545p. Ahead of preliminary results, due tomorrow, Pilkington fell 18 to 386p and Glaxo 13 to 48p. ICL reflecting the poor results, Metal Box lost 12 more to 295p. Elsewhere, Bestobell eased 5 to 202p following the company's rejection of the BTR bid approach; the latter lost 10 to 315p. Wedgwood fell 6 to 135p on the results, while consideration of the possible sale of the NEB's 24.42 shareholding left ICL 9 down at 475p. The VAT rise unsettled Hoover "A" which gave up 10 to 175p, while De La Rue fell 13 to 45p and Diplomat Investments relinquished 11 to 293p. Sotheby's, on the other hand, rose 6 to 330p, after 340p, on reports that fine art dealers have decided not to go ahead with a claim for an injunction banning the sale of art premium. Recently-upped

of around 8 were marked against GKN, 265p, Hawker, 206p, and Tubes, 380p. Losses were fairly substantial throughout secondary issues. Babcock and Wilcox dipped 12 to 156p, while Avers closed 8 cheaper at 270p, after 286p. Awaiting today's annual results, Staveley gave up 8 to 326p. Lower interim profits left CompAir 2 cheaper at 75p, but GFI International continued to offer satisfaction with the preliminary results and hardened a penny more to 59p.

The majority of Foods encountered persistent selling, but sometimes finished a penny or so above the worst on bearish Sterling influences. Unilever shed 10 to 415p, after 415p. Associated Biscuits came under pressure and eased 3 to 72p and United Biscuits fell 4 to 54p. Up 11 on Tuesday on speculative demand, George Bassett eased 3 to 115p, while profit-taking left Bernard Matthews 9 cheaper at 268p and Arava 4 off at 100p. Among Supermarkets, Associated Dairies lost 10 to 275p, but Sainsbury held up fairly well and eased only 3 to 332p.

Central Manufacturing and Trading added 5 to 75p and IAS Cargo gained 6 to 137p.

Barr and Wallace Arnold "A" dropped 14 to 126p in a thin market.

The Chancellor's proposal to reduce the allowance basis for leased cars prompted widespread falls in Motor Distributors. Lex shed 5 to 89p, after 87½p, while Harold Perry fell 18 to 146p and Hanger 9 to 86p. Hartwells and T. C. Harrison cheapened 7 apiece to 105p and 141p respectively, while Godfrey Davis relinquished 6½ to 120p and Wadham Stringer 5 to 35½p. Among Components, Dowty shed 14 for a two-day fall of 20 to 318p, after 317p.

Satchell and Satchell touched 225p on the improved interim profits and proposed 50 per cent scrip issue, but subsequently drifted off to close 2 cheaper on balance at 215p. Publishers Websters and Pyramid shed 4 apiece to 59p and 48p respectively.

Consideration of dearer money following the proposed 2 per cent rise in Minimum Lending Rate prompted widespread selling of Property issues. Falls of 8 were marked against Land Securities, 254p, and Haslemere, 312p, while Stock Conversion shed 5 to 385p. Great Portland Estates, annual results today, declined 10 to 290p. Recent speculative favourite Imry gave up 30 to 680p.

BP sold again

British Petroleum, down 30 more at 1,164p, remained a particularly depressed market on the Government's proposal to sell a further part of its holding in the company. Dollar premium in futures prompted a reaction of 3 points to £37 in Royal Dutch, but Shell rallied to close above the worst at 382p, down 8, after 386p. North Sea issues were adversely affected by the increase in the Petroleum Revenue Tax. Lascamo reacted 10 to 222p and the OPS 40 to 755p, while Siebens (UK), 200p, and Oil Exploration, 262p, gave up 14 and 8 respectively.

Reflecting the general setback in equities, Trusts gave ground on a broad front. Among Financials, Robert Kitchen Taylor were called 17 lower at 183p following the interim statement. Textiles tended easier while, in Tobaccoes, Bats reacted 13 to 268p with 25, while Tiger Bats fell 73 to 50p, OK Bazaars gave

up 50 to 390p and Gold Field Properties dropped 12 to 65p.

Heavy losses in Golds

South African mining issues sustained one of their biggest ever one-day falls following the slump in the investment currency premium and the decline in the bullion price. Prices were marked down at the outset owing to the lower premium and on heavy overnight American selling. Thereafter, they lost further ground in line with the premium and subsequently following renewed U.S. selling after the official close. However, as the latter dried up prices managed to close a fraction above the day's lowest.

Nevertheless the Gold Mines index showed a 26.4 loss at 174.5, while the premium index dropped 8.4 to 155.4. Heavyweights showed Rand-

fontain 44 down at £271, while falls of well over £2 were common to Vaal Reef, £161, West Driefontein, £247, Free State Geduld, £121, and Western Holdings, £177.

Among medium priced stocks, losses of between £10p and £15p were seen in Bulek, £91p, East Driefontein, £70p, Kloof, £66p, Winkelsbaak, £58p and Western Deep, £34p.

South African Financials also fared badly. "Anglo" dropped £3½ to £184, Gold Fields of South Africa £24 to £251, Anglo American £10 to £87p, and De Beers 50 to 390p. Union Corporation gave up 37 at 383p.

Financials reflected the sharp decline in the UK equity market. Gold Fields dropped 14 to 245p, sentimetals affected by the heavy losses sustained by the gold share market.

FINANCIAL TIMES STOCK INDICES

	June 13	June 12	June 11	June 8	June 7	June 6	1979
Government Secs.	71.15	72.88	72.88	72.88	73.15	73.31	70.63
Fixed Interest	72.77	74.37	74.48	75.00	75.07	75.07	72.49
Industrial	488.9	501.4	503.9	503.9	514.0	516.9	471.9
Gold Mines	174.5	200.9	204.8	201.8	206.5	208.4	158.3
Gold Mines Ex-PMI	156.4	163.6	169.5	164.7	166.7	168.8	105.3
Ord. Div. Yield	6.04	5.88	5.88	5.88	5.88	5.88	5.88
Earnings, Yld. % (full)	15.90	15.45	15.39	15.39	15.08	15.08	16.38
P/E Ratio (net)	8.94	8.87	8.88	8.88	8.88	8.88	8.88
Total bargains	20,649	15,088	17,728	18,588	18,588	18,511	73.92
Equity turnover £m.	—	62.06	68.39	99.08	90.97	80.87	73.92
Equity bargains total	—	11,837	14,676	14,568	14,561	14,481	18,338

10 am 487.6, 11 am 487.6, Noon 487.7, 1 pm 488.1, 2 pm 487.3, 3 pm 488.5, Latest Index 07:48 488.9.

Base 100 Govt. Secs. 18/10/25, Fixed Int. 18/10/25, Industrial Div. 17/7/35, Gold Mines 12/9/55, Ex 5 premium index started June, 1972, SE Activity July-Dec. 1942.

HIGHS AND LOWS S.E. ACTIVITY

	1979	Since Comp'n	High	Low	High	Low
Govt. Secs.	75.91	64.64	187.4	49.18	187.4	49.18
Fixed Int.	77.75	66.03	160.4	60.53	160.4	60.53
Ind. Ord.	558.6	446.1	838.6	49.4	838.6	49.4
Gold Mines	209.4	129.9	448.3	45.2	448.3	45.2
Gold Mines Ex-PMI	169.5	95.8	387.1	34.2	387.1	34.2

up 50 to 390p and Gold Field Properties dropped 12 to 65p.

Heavy losses in Golds

South African mining issues sustained one of their biggest ever one-day falls following the slump in the investment currency premium and the decline in the bullion price. Prices were marked down at the outset owing to the lower premium and on heavy overnight American selling. Thereafter, they lost further ground in line with the premium and subsequently following renewed U.S. selling after the official close. However, as the latter dried up prices managed to close a fraction above the day's lowest.

Nevertheless the Gold Mines index showed a 26.4 loss at 174.5, while the premium index dropped 8.4 to 155.4. Heavyweights showed Rand-

NEW HIGHS AND LOWS FOR 1979

The following securities entered the Stock Exchange since 1975, attained new Highs and Lows for 1979.

NEW HIGHS (8)

Burnett Hallamshire (10) 183p, Birmingham City (1) 17p, Birmingham City (1) 17p, Birmingham City (1) 17p, Birmingham City (1) 17p, Birmingham City (1) 17p, Birmingham City (1) 17p, Birmingham City (1) 17p.

NEW LOWS (163)

British Petroleum (1) 1,164p, Anglo American (1) 87p, Anglo American (1) 87p, Anglo American (1) 87p, Anglo American (1) 87p, Anglo American (1) 87p, Anglo American (1) 87p, Anglo American (1) 87p.

RISES AND FALLS YESTERDAY

British Funds, Corp. Bond, Foreign Bond, Financial & Prop, Oil, Pulp, Textiles, Tobaccoes, Chemicals, Engineering, Metals, Others.

Up Down Same

1 43 21

57 388 474

318 171

1 18 13

5 114 22

25 28 5

81 1,600 740

LONDON TRADED OPTIONS

July Oct. Jan.

Option Ex-rc's Closing price offer Vol. Closing offer Vol. Closing offer Vol. Equity close

BP 1100 90 6 120 10 178 1189p

BP 1150 60 18 96 10 178 1189p

BP 1200 30 16 72 8 180 1189p

BP 1300 10 10 40 5 180 1189p

Cons. Gold 180 71 5 77 10 247p

Cons. Gold 200 51 15 57 10 247p

Cons. Gold 220 31 18 40 10 247p

Cons. Gold 240 16 20 28 10 247p

Cons. Gold 260 5 2 12 7 247p

Courtaulds 100 40 15 5 11 96p

Courtaulds 120 20 10 5 11 96p

Courtaulds 140 10 5 5 11 96p

GEC 350 26 60 40 17 60 367p

GEC 360 11 20 26 15 45 367p

GEC 370 10 10 10 10 21 367p

GEC 380 10 10 10 10 21 367p

GEC 390 10 10 10 10 21 367p

Grand Met. 128 15 3 20 10 142p

Grand Met. 138 9 1 15 10 142p

Grand Met. 148 4 1 10 10 142p

Grand Met. 158 4 1 10 10 142p

ICI 390 5 14 12 23 358p

ICI 410 10 14 12 23 358p

ICI 430 10 14 12 23 358p

Land Secs 300 5 26 20 11 285p

Land Secs 320 5 26 20 11 285p

Land Secs 340 5 26 20 11 285p

Marks & Sp. 110 8 2 13 30 20 5 112p

Marks & Sp. 120 8 2 13 30 20 5 112p

Marks & Sp. 130 8 2 13 30 20 5 112p

Marks & Sp. 140 8 2 13 30 20 5 112p

Shell 325 48 5 52 10 359p

Shell 340 48 5 52 10 359p

Shell 350 48 5 52 10 359p

Shell 360 48 5 52 10 359p

Totals 830 167 47

August November February

SOC Int. 70 81 10 13 74p

SOC Int. 80 81 10 13 74p

SOC Int. 90 81 10 13 74p

SOC Int. 100 81 10 13 74p

SOC Int. 110 81 10 13 74p

SOC Int. 120 81 10 13 74p

SOC Int. 130 81 10 13 74p

SOC Int. 140 81 10 13 74p

SOC Int. 150 81 10 13 74p

SOC Int. 160 81 10 13 74p

SOC Int. 170 81 10 13 74p

SOC Int. 180 81 10 13 74p

SOC Int. 190 81 10 13 74p

SOC Int. 200 81 10 13 74p

SOC Int. 210 81 10 13 74p

SOC Int. 220 81 10 13 74p

SOC Int. 230 81 10 13 74p

SOC Int. 240 81 10 13 74p

SOC Int. 250 81 10 13 74p

SOC Int. 260 81 10 13 74p

SOC Int. 270 81 10 13 74p

SOC Int. 280 81 10 13 74p

SOC Int. 290 81 10 13 74p

SOC Int. 300 81 10 13 74p

SOC Int. 310 81 10 13 74p

SOC Int. 320 81 10 13 74p

SOC Int. 330 81 10 13 74p

SOC Int. 340 81 10 13 74p

SOC Int. 350 81 10 13 74p

SOC Int. 360 81 10 13 74p

SOC Int. 370 81 10 13 74p

SOC Int. 380 81 10 13 74p

SOC Int. 390 81 10 13 74p

SOC Int. 400 81 10 13 74p

SOC Int. 410 81 10 13 74p

SOC Int. 420 81 10 13 74p

SOC Int. 430 81 10 13 74p

SOC Int. 440 81 10 13 74p

SOC Int. 450 81 10 13 74p

SOC Int. 460 81 10 13 74p

SOC Int. 47

AUTHORISED UNIT TRUSTS

[illegible]

Winstler Fund Managers Ltd.
Winstler, Arthur St., EC4
0-623-1050
Income Growth [10.4] 21.9 2.6

MLA Unit Trust Mgmt. Ltd.
Old Queen Street, SW1A 3JG
0-222-6717
MLA Units [55.9] 59.8 4.1 3.41

Murray Johnstone & T. Mgmt. Co.
263, Horse Street, Glasgow, G2 2UH, 01-421-5521
JBI European [17.1] 75.1 4.5

National Commercial
31, St. Andrew Square, Edinburgh, 031-555-8565
(Accum. Units) [17.4] 37.8 4.62
(Income Units) [17.4] 37.8 4.62
May, June & July [17.4] 37.8 4.62
May, June & July [17.4] 37.8 4.62
May, June & July [17.4] 37.8 4.62
May, June & July [17.4] 37.8 4.62

National Westminster
161, Craghead, E16 2EU, 01-606-6060
(Capital Account) [71.2] 72.9 1.7 2.85
(Income Account) [71.2] 72.9 1.7 2.85
(Income Account) [71.2] 72.9 1.7 2.85
(Income Account) [71.2] 72.9 1.7 2.85
(Income Account) [71.2] 72.9 1.7 2.85
(Income Account) [71.2] 72.9 1.7 2.85

NEL Trust Managers Ltd. (a)(s)
11601 Court, Dorking, Surrey, 5911
NEL High Inc. [65.5] 61.8 3.7 4.77
NEL High Inc. [65.5] 61.8 3.7 4.77

Norwich Union Insurance Co. (b)
Group B, 4, Northampton Square, London, 0-600-2220
Norwich Union Insurance Co. [100.9] 42.0 10.2 4.81

Pearl Trust Managers Ltd. (a)(s)(c)
252, High Holborn, WC1V 7ES, 01-485-8441
(Accum. Units) [26.5] 28.8 2.3 4.84
(Income Units) [26.5] 28.8 2.3 4.84
(Income Units) [26.5] 28.8 2.3 4.84
(Income Units) [26.5] 28.8 2.3 4.84
(Income Units) [26.5] 28.8 2.3 4.84
(Income Units) [26.5] 28.8 2.3 4.84

Pelican Units Admin. Ltd. (a)(s)
Pelican Princes St., Manchester, 061-236-5658
(Accum. Units) [51.9] 55.0 3.0 3.52

Personal Unit Trust Mgmt. Co.
48, Hart St., Haverley Town, 01-222-2660
Personal Unit Trust Mgmt. Co. [58.0] 62.1 4.1 4.36

Practical Invest Co. Ltd. (a)(s)(c)
44, Blenheim Sq., WC1A 2BA, 01-563-8893
(Accum. Units) [156.7] 162.9 6.2 6.13

Provincial Life Inv. Co. Ltd.
22-24, Duff Street, Glasgow, 01-247-6533
(Income Units) [89.1] 97.4 8.3 9.47
(Income Units) [89.1] 97.4 8.3 9.47

Prud. Portfolio Mgmts. Ltd. (a)(b)(c)
Holborn Bars, EC1N 3HP, 01-405-9222
Provisional [104.0] 152.0 48.1 4.26

Quilter Manager Co. Ltd. (a)
The Stock Exchange, EC2N 1HP, 01-600-4177
(Accum. Units) [16.8] 33.4 17.6 7.26

Reliance Unit Mgmt. Ltd. (a)
Reliance House, Tinsford Wells, Lincs., 0692-2221
Opportunity Fd. [74.8] 79.1 4.3 5.51
Opportunity Fd. [74.8] 79.1 4.3 5.51
Opportunity Fd. [74.8] 79.1 4.3 5.51
Opportunity Fd. [74.8] 79.1 4.3 5.51
Opportunity Fd. [74.8] 79.1 4.3 5.51
Opportunity Fd. [74.8] 79.1 4.3 5.51

Ridgfield Management Ltd.
38, Kennedy St., Manchester, 061-236-6821
Ridgfield Inv. Utd. [82.4] 87.0 4.6 5.73
Ridgfield (Income) [19.0] 101.0 81.0 9.13

Rothschild Asset Management (a)
72-80, Catherine Road, Ayrshire, 01296-3941
(Income Units) [17.2] 18.3 1.1 2.27
(Income Units) [17.2] 18.3 1.1 2.27
(Income Units) [17.2] 18.3 1.1 2.27
(Income Units) [17.2] 18.3 1.1 2.27
(Income Units) [17.2] 18.3 1.1 2.27
(Income Units) [17.2] 18.3 1.1 2.27

Schlesinger Trust Mgmts. Ltd. (a) (c) (g)
140, St. George's Street, Dorking, 010306-9437
Acc. Emerg. [27.5] 29.3 1.8 3.41
Acc. Emerg. [27.5] 29.3 1.8 3.41
Acc. Emerg. [27.5] 29.3 1.8 3.41
Acc. Emerg. [27.5] 29.3 1.8 3.41
Acc. Emerg. [27.5] 29.3 1.8 3.41
Acc. Emerg. [27.5] 29.3 1.8 3.41

Tower Unit Trust Mgmt. Ltd.
19/20 Fidelity Square, EC2A 1PX, 01-628-2222
Income & Growth [23.4] 25.8 2.4 3.81

Trades Union Unit Tr. Managers (a)
100, Wood Street, E.C.2, 01-628-8010
TUII, June 1, 57.0 60.7 4.1

Transatlantic and Gen. Secs. (c) (v)
91-99, New London Rd., Chesham, 0285-1510
(Accum. Units) [17.4] 37.8 4.62
(Accum. Units) [17.4] 37.8 4.62
(Accum. Units) [17.4] 37.8 4.62
(Accum. Units) [17.4] 37.8 4.62
(Accum. Units) [17.4] 37.8 4.62
(Accum. Units) [17.4] 37.8 4.62

U.K. Schröder Wags & Co. Ltd. (a)
22, Abchurch Lane, London, 01-240-9434
Capital June 12 [117.0] 121.4 4.4 5.68
(Accum. Units) [117.0] 121.4 4.4 5.68
(Accum. Units) [117.0] 121.4 4.4 5.68
(Accum. Units) [117.0] 121.4 4.4 5.68
(Accum. Units) [117.0] 121.4 4.4 5.68
(Accum. Units) [117.0] 121.4 4.4 5.68

Scottish Equitable Fund Mgmt. Ltd. (a)
28 St. Andrew Sq., Edinburgh, 031-556-9101
(Income Units) [64.1] 69.7 5.6 5.12
(Income Units) [64.1] 69.7 5.6 5.12
(Income Units) [64.1] 69.7 5.6 5.12
(Income Units) [64.1] 69.7 5.6 5.12
(Income Units) [64.1] 69.7 5.6 5.12
(Income Units) [64.1] 69.7 5.6 5.12

Schag Unit Tr. Managers Ltd. (a) (s)
Scha Capital Fd., Wm. H.C.A., 01-236-5000
(Income Units) [32.9] 34.4 1.4 8.09

Security Selection Ltd.
Stewart's Unit Tr. Managers Ltd., 01-831-4632
(Income Units) [32.9] 34.4 1.4 8.09

Stewart's Unit Tr. Managers Ltd. (a)
45, Charlotte St., Edinburgh, 031-226-3271
(Income Units) [32.9] 34.4 1.4 8.09
(Income Units) [32.9] 34.4 1.4 8.09
(Income Units) [32.9] 34.4 1.4 8.09
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St. Andrew's Square, Edinburgh, 031-556-9101
(Income Units) [32.9] 34.4 1.4 8.09
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St. Andrew's Square, Edinburgh, 031-556-9101
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(Income Units) [32.9] 34.4 1.4 8.09

St. Andrew's Square, Edinburgh, 031-556-9101
(Income Units) [32.9] 34.4 1.4 8.09
(Income Units) [32.9] 34.4 1.4 8.09
(Income Units) [32.9] 34.4

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

FINANCE: LAND—Continued[illegible][illegible][illegible]

111	56	Messina RD.50	90	4	-	-	-
MISCELLANEOUS							
81	54	Barynm	66	-5	-	-	-
132	10	Borna Mines 175p	13	-	-	-	-
245	170	Cons. Murch. 10c	275	-35	-	6	-
410	325	Northgate CSI	325	-15	-	-	-
622	226	R.T.Z.	300	-12	17.5	27	5
51	18	Robert Mines	27	-	-	-	-
65	37	Sabina Inds. CSI	31	-2	-	-	-
640			630	-3	-	-	-

[illegible]

Unless otherwise indicated, prices and net dividends are in pence and denominated are 25p. Estimated price/earnings ratios are shown where available. Dividends are in pence. Dividends are shown where available, are updated on half-yearly figures. P/E's are calculated on the basis of net distribution; bracketed figures indicate 10 per cent, or more difference if calculated on 'full' distribution. Coverage is based on 'maximum' distribution. Yields are based on dividends. Prices are gross, adjusted to ACT of 33 per cent, and allow for the value of declared distributions and rights issues. Dividends are shown as a percentage of the price including the value of the dividend.

- Sterling denominated securities which include investment dollar premium.
- "High and Low" marked thus have been adjusted to allow for rights issues for cash.
- Interim since increased or resumed.
- Interim since reduced, passed or deferred.
- Tax-free to non-residents on application.
- Figures or report awaited.
- Unlisted security.
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue: cover

Same interim: reduced final and/or reduced earnings indicated.
Forecast dividend; cover on earnings updated by latest interim statement.
Cover allows for conversion of shares not now ranking for dividend.
Cover does not allow for restricted dividend.
Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
Excluding a final dividend declaration.
Regional price.
No par value.
Figures based on prospectus or other official source.
Dividend rate paid or payable on part.

[illegible]

“Recent Issues” and “Rights” Page 40

This service is available to every Company dealt in on the Stock Exchange throughout the United Kingdom for a fee of £30 per annum for each security.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inc. 20/-	26	Sheff. Railway	87
Anglo-Siam	100	Sindbad (Wm.)	140

Johnson & Rouse Co.	117 1/2		
Lyons (R. A.) A.	40		
Malis & McHale	66		
Life Forge	54		
Malay Pig. Co.	19		
Marcell Shale, Inc.	285		
Marshall Bros.	80		
McCall (Lester) Inc.	265		
O.M. Sum. Co.	145		
Peacock (C. H.)	238		
Peel Mills	30		
Abnath Gas	55		
Arnold	490		
Clarron (P. J.)	129		
Condallin	85		
Concrete Prods.	82		
Harding (Hedge)	30		
Ins. Corp.	217		
Irish Ropes	90		
Jacob	45		
T.M. G.	205		
Urdare	85		-1

Industrials	I.C.T.	24	Unilever	55
Brew	9	8	U.D.T.	50
IOC (Int.)	10	7	Und. Drapery	40
I.S.R.	7	5	Wolters	38
Sabotek	18	5	Woolworths	70
Investment Bank	32	2		
	Lebanon	5		
	Librairie	2		

16	"Loft"	Cap. Counties	25
17	London Brick	Land Secs	25
18	Lonrho	MEPC	25
19	Lucas Int	MEPC	25
20	Macmillan	MEPC	25
21	M&C Spoz	Samuel Pepys	14
22	Midland Bank	Town & City	24
23	Mitani		
24	Nat. West Bank	Drills	
25	Oil Warrants	Brit. Petroleum	100
26	P. & O. Dkt.	Burmah Oil	23
27	Plessey	Charterhall	10
28	Q&A		
29	Railways		
30	Reckitt		
31	Reckitt		
32	Reckitt		
33	Reckitt		
34	Reckitt		
35	Reckitt		
36	Reckitt		
37	Reckitt		
38	Reckitt		
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40	Reckitt		
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43	Reckitt		
44	Reckitt		
45	Reckitt		
46	Reckitt		
47	Reckitt		
48	Reckitt		
49	Reckitt		
50	Reckitt		

Gen. Electric	35	R.H.M.	3	25	
Goodyear	20	Ram. Drg.	3	Pratt	
Grand M.	14	Refr Intnl.	18	Shell	
U.S. A.	20	Spillers	6 1/2	Ultramar	2 1/2
U.S. M.	26	Teneco	4	Wmcs	
U.S. Steel	28	Thorn	3 1/2	Coast. Cons.	1 1/2
Wolverine	23	Trust Inds.	1 1/2	Cons. Gold	1 1/2
House of Fraser	18	Tube Invest.	30	Rio T. Znc.	2 1/2

A selection of Options traded is given on the London Stock Exchange Report page

Bowling (C. T.)	120	-7	3
Bretnall Rd. 10p	20	-2	0
Brittania 5p	170	-2	1
Combined Ann. \$1	110	-3	0
Comm. Union	145	-3	8
Eagle Star	152		6
Edo. & Gen. Inv. 10p	31		
Exxon UK 994 Cw	1124		
Exxon UK 994 Cw	212	-2	7

269	BAT Inds.....	269
247	Og. Gold.....	247
355	Dunhill A. 20p..	440
82	Imperial.....	92
57½	Rothmans 12p..	68½
54	Stemson Hrs. 20p	60

TRUSTS, FINANCIAL
Investment

58	Aberdeen Inv.	72
86	Aberdeen Trust	56
110	Alcoa Inv.	159
309	Alliance Inv.	110
303	Alliance Trust	217
116	Altitude Int. 50b	123
187	Co. Capital 50b	213 ¹
57	Ambrose Inv. Int.	74
71	Do Cap.	105
43 ¹	American Trust	43 ²
39	American Int. 'B'	62
54 ¹	Anglo Am. Secs	97
41 ¹	Anglo-Int. Div.	47

33	Da. Cap. 50p...	50
127	Argo Inv (SAI)	122
119	Ashdown Inv....	136
51	Atlanta Bldg. 10p.	56½
96	Atlantic Assoc....	95½
59½	Atch. Elect.....	62½
88	Aust. S. Inv (50p)	90
54	Bankers' Inv.....	60
69	Berry Trust.....	74
53½	Bishopgate Pnt...	6½
170	Bishopgate Tr...	200

36	Borac. & Str. Inv.	62
\$10 1/2	Brazil Fund Crs.	\$10 1/2
\$10 1/2	Brazil Inv. Crs.	\$10 1/2
21	Bromer Tel.	24
3	Bridgewater	9
38	Brit. Am. & Gen.	42
68	British Assets	74 1/2
10 1/2	Brit. Emp. Serv. Se.	16
96	Brit. Ind. & Gen.	104
145	Brit. Invest.	150

99	117	Tyreside Inv.....	117
98	115	U.S. Brit. Secs..	128
97	112	U.S. Capitals.....	211
96	87	U.S. Deb. Comp..	93
95	75	U.S. & General Is.	195
94	60	US Trust Fund \$1	610
93	32	Varing Resources..	110
92	66	W. Tex. & Texas Mh.	671
91	245	Wymss Inv. I	275
90	215	Yankee Bottom....	214
89	100	Yankee Bottom....	214

72	81	Wetzel Inv.	92
79	84	Do. "B"	87
80	75	Yeoman Inv.	200
83	179	Worrs. & Lanes	284 1/2
85	86	Young & Co. Inv. Co.	181

Finance, La

75	176	Almond Smithers	223
78	180	Amesbury Tr. Bldg.	15
79	105	Auto. Farming	105
80	54	Auto. Inv. Co.	61
83	15	Bentley Arrow	191
85	138	Chandler Corp. S.I.	108

Downey Day	37
Delella	27
Ed. M. 12-20	11
Dr. M. 10-10	68
Empire House	41
Land 10-10	18-2
Land 10-10	32
Land 10-10	170
Land 10-10	20
Land 10-10	55
Land 10-10	15

41	Haw. Pac. S. S.	41
235	Inv. Ins. Tr. Co.	285
14	Investment Co.	28
95	Nas. Ind. Bk.	100
51	Tr. Kellogg 10p.	87
51	Tr. Nat. Bk. 10p.	87
91	Tr. Nat. Bk. 10p.	183
21	Tr. Nat. Bk. 10p.	22
14	Tr. Nat. Bk. 10p.	183
28	Tr. Nat. Bk. 10p.	35

1900	Ang. Am. Coal 50c..	900
507	Anglo Amer. 10c..	387
147 1/2	Ang. Am. Gold RZ	116
800	Ang-Vaal 50c.....	116
130	Charter Cons.....	147
178	Cons. Gold Fields..	248

171-2	East Rand Com. 10p	528
355	Gen. Mining 90c	528
411-18	Gold Fields S.A. 25c	517
413-2	Jo'burg Cons. R2	517
150	Middle Wit 25c	289
64	Mincorp 121-p	95
154	Miniroco \$BD1.40	141
96	New WK 50c	141
410-2	Patino NV Fls. 5	113
41	Rand London 15c	6
442	Selection Trust	562
168	Sentrust 10c	233
36	Silvermines 21-p	102
153	Transvaal 10c	102

215	U.C. Invest. R1.....	385
255	Union Corp. 6.25c.....	395
55	Vogels 24c.....	96

DIAMOND AND

155	Anglo-Am. Inv. 50c.....	435
366	De Beers Df. 5c.....	390
950	Do. 40c Pt. R5.....	111
170	Impala Plat. 20c.....	205
66	Impala Plat. 7 1/2c.....	00

66	Cyrenian 2c-2	96
94	Rus. Plat. 10c	135

CENTRAL AF

132	Falcon Rh. 50c	295
11	Rhod'n Corp. 162p	31
70	Roan Cons. K4	106
26	Wankie Col. Rh. 1	56
102	Zam. Cop. 58D0.24	10

REGIONAL			
The following is a selection of London listed only in regional markets. Prices not officially listed in London, are as follows:			
Albany Inv. 20p.....	28	St
Ash Spinning.....	185	Sh
Bernum.....	24	-1	
Bdg/wtr. Est. 50p.....	415	Co
Clover Craft.....	28	Al
Craig & Rose □.....	£11½	

Johnson (R. A.) A	40	Ar
Ellis & McHoy	66	Ar
Rife Forge	54	Co
Isaly Pkg. Co	19	Co
Graig Sulp. Co	285	Ho
Weapons Brew	30	Ho
Felt Ljos! 25p	260	Ir
O.M. Sun. Cl	165	Ja
Pearl Inc. (H.)	235	Ja
Peel Mills	30	Un

Industrials			
A. Brew	9	I.C.I.	
BOC Int'l.	6	"Imps"	
B.S.R.	7	I.C.L.	
Cabot	18	Inverest	
Chenck & Bank	32	KCA	
Declan	52	LDBank	
Elite Circle	28	Legal & Gen.	
Tools	18	Lex Service	
Gowers	12	Lloyds Bank	
		"Loft"	

28	Lordon brick
50	Lorwie
7	Lucas mds.
6	"Mans"
10	Micks & Sponr
8	Midland Bank
21	N.E.I.
61	Nat. West. Ban
12	O. Warrants
14	P & D Dist.
21	Plesley
35	R.H.M.
30	Rank Org.
14	Reed Instr.
30	Stiffers

A selection of Options W7
London Stock Exchange

Government shelves union forum plan

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT has shelved plans for an economic forum to "educate" trade unions in what the country can afford to pay in wages.

In spite of union warnings that the Budget will fuel wage expectations in the coming bargaining round, Ministers seem determined to rely on monetary control and the Chancellor's tax cuts to defuse pay demands.

Hostile trade union reaction to the Budget intensified at a meeting of the TUC economic committee yesterday. Mr. Len Murray, TUC general secretary, gave a warning afterwards that the measures would lead to action by trade unions, "possibly extending to industrial action," as they defended jobs and living standards.

"If anyone wants to start saying this is political action, they will be utterly and entirely wrong. Trade unions have a job to do, and that job has to be shaped in part in response to what the Government does."

The committee, attended by Mr. Anthony Wedgwood Benn and Mr. Neil Kinnock, two of the most prominent Left-wingers on Labour's back benches, decided to ask for an early meeting with the Prime Minister.

Its purpose would be to tell the Government that it must bear the responsibility for any action against its Budget measures. Mrs. Thatcher was told that there was an alternative economic strategy and that unions had a legitimate role of defending jobs and living standards under any Administration.

The TUC is to begin a campaign against the Government's economic policies. Mr. Murray said that no details had been worked out.

Initially it will be a pre-emptive move to win rank-and-file support for opposition to the Budget strategy. That might

lead later to active TUC support for individual unions that take industrial action over jobs or wages.

The TUC is anxious not to be seen at this stage as organising collective political confrontation.

Although low-key, the campaign is likely to attract widespread support. The public service unions, often seen by others as a brake on militant action, are in uproar over the threatened cuts in jobs and services.

Mr. Murray said: "We are not trying to pretend that the Government did not win the election and is not in office. But we always think that logical and reasonable argument will be heard."

The Chancellor foresaw the trade unions' reaction, which has been to emphasise that negotiators would look at the Retail Prices Index, not at tax cuts, when lodging pay demands.

Although no final decision has been taken on the forum plan, which was prominent in Conservative and Confederation of British Industry policy papers but watered down in the manifesto, appears to have succumbed to objections that it would look inconsistent with the Government's free market and free collective bargaining philosophy.

Ministers are likely instead to start a campaign of speeches, echoing the Chancellor's Budget-day warning that workers' attempts to retrieve wages the full increase in prices would be "self-defeating." At the same time, bilateral talks with the TUC, the CBI and other groups will continue through the summer.

Ministers hope that the tax rebates will take the edge off the winter's wage demands. In the first pay week after July 12, a married man on average earning of £100 a week will get a

tax rebate of £28.70 and after October 5 another lump sum of £41.

Suggestions that the National Economic Development Council, the longest surviving tripartite institution, might become the forum in discussing wages have been dropped.

At its first meeting after the election, the Chancellor reaffirmed the Government's commitment to the Council's role, and Mr. Murray emphasised yesterday the TUC's continuing commitment to it.

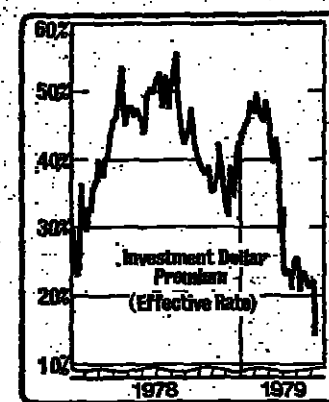
Even Ministers such as Mr. James Prior, Employment Secretary, who want an economic forum, are not prepared to upset the council or to create a new institution merely in response to short-term pressures that might prove its undoing.

Chemical workers seek at least 20 per cent, Page 9
Miners seek Government defeat, Page 9

THE LEX COLUMN

Scramble for the cut-price tap

Index fell 12.5 to 488.9



The last time MLR was hoisted to 14 per cent in February it fell back in three weeks. Is the same going to happen this time?

The initial reaction of short-dated gilts was typical of the financial market's uncertainty. Yields rose by less than 1 per cent yesterday and are still roughly 1 1/2 per cent below the levels that could be obtained the last time MLR was standing at 14 per cent. The building societies still seem to be talking about holding their rates although their competitive position has suffered horribly overnight and the banks seem uncertain as to what base rate they should post.

No one seems sure whether the rise in MLR is a symbolic gesture which will soon disappear or whether it is really meant to curb bank borrowing. At the moment the latter theory seems to be gaining ground.

If high interest rates are going to have any impact on credit demand they will have to continue until August at the earliest since the June banking month is almost over. However, this strategy could be upset if the foreigners start piling into the gilt-edged market.

Certainly sterling was powering ahead yesterday, with a rise of nearly 1 per cent on the day. The Chancellor's exchange control relaxations were not enough to make much of an impression on sentiment here. But it was a different story in the investment currency premium market, where the effective rate tumbled to around 12 per cent at one time, though it rallied to near 14 per cent by the close. There are still potential buyers of the premium, despite the likelihood that it will be eventually phased out, but they have drastically lowered their sights.

Eurodollar bonds

Falling U.S. interest rates, a strong U.S. dollar and the growing conviction that the U.S. economy is slowing down have all combined to produce the second boom in Eurodollar bond issues this year. Yesterday a surge of planned new issues brought the total value of new bonds currently awaiting sale to over \$800m.

One of the key advantages of the euro-dollar bond market over its New York counterpart is the speed with which issues can be arranged when free from the registration requirements of the SEC. This is a good week for the borrower to strike. The recent consistent strength of the dollar has led to a mounting quantity of European money nervous to invest in dollar bonds at the right moment.

The cut in the U.S. prime rate on Tuesday and the fall in the six-month eurodollar rate to 10 1/2 per cent last night—its lowest level this year—both suggest that this moment could have arrived.

At the same time long term borrowing costs for dollars are new back to well below the 10 per cent yield which remains the psychological upper limit for corporate treasurers. This induced Unilever, for example, to arrange some permanent finance yesterday for its recent U.S. acquisition with an 8 year bond yielding 9.34 per cent.

Westland

Westland has never published interim profits before, and it warns that there is no "normal" pattern for its results between one half-year and the next. So the main interest does not lie in the figures—£5.2m pre-tax, compared with £13.3m in the whole of 1977-78 before losses and provisions on the Lynx helicopter and on hovercraft. Much more important is the news that these enormous provisions now "seem certain to cover all related costs."

The balance sheet remains in good shape, and Westland looks capable of producing a respectable financial performance for the next few years. But there are still two big uncertainties for the shares at 46 1/2p (a market capitalisation of £27 1/2m). One is the medium term outlook for Lynx orders, especially now that the Arab orders are in doubt. The other concerns Westland's ability to bring in the Sea King replacement in the mid-1980s, and to use it as a way into the growing civil market.

BL warns on jobs cuts

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS has warned senior shop stewards that the Triumph workforce at Canley, Coventry, will have to be cut by nearly 3,000 within three years.

The cuts would be even larger without the project to assemble a new Honda car at Canley, which is expected to create 1,600 jobs. The workforce would be reduced from the present 7,300 to around 3,000—a level of activity that would put the plant in serious jeopardy.

Jaguar Rover Triumph refused last night to discuss details of plans to assemble the

new medium-range Honda car at Canley by mid-1981. Negotiations are making good progress, but contracts have still to be signed.

Management is expected to use the worker participation machinery at Canley to spell out to employees the importance of the plant's future of the Honda link-up.

Fears of redundancies have been rife at Canley for some time because of the ageing model MG Midget, Spitfire and Dolomite models, all of which have to be phased out over the next few years.

Move to cut cost of EEC air travel

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

FAR-REACHING changes in the operations and fare structures of European airlines, aimed at reducing substantially the cost of air travel in the EEC and improving levels of efficiency in the industry, were recommended yesterday by the EEC Commission.

In a memorandum the Commission calls on EEC Governments to ask airlines for new arrangements bringing down tariffs on major routes and offering passengers a wider choice of services.

It says that the Commission intends to publish, probably before the end of July, formal proposals for EEC legislation greatly strengthening its authority to subject airlines to EEC competition rules. It calls for cuts in airlines' operating costs by simplifying procedures, notably for airfreight transport.

The paper is intended to form the basis for a broad discussion. The Commission has no powers to compel Governments and airlines to adopt its recommendations. Its plans would require unanimous approval by the Council of Ministers.

The paper is likely to provoke controversy among member Governments, particularly those with losing national flag carriers. Among steps the Commission suggests are:

- Introduction of a third-class fare.
 - Special fares for a limited number of seats if payment is made in advance and not reimbursed in full if a passenger changes his plans.
 - A basic "no-frills" ticket, with extra charges for reservations and ticket exchange.
 - Setting aside of a proportion of weekly capacity on certain routes at about half economy-class fare.
 - A European round-trip ticket.
 - General implementation of standby tariffs.
- The Commission suggests that if airlines refuse to make these changes voluntarily the Governments responsible permit other operators to compete on major routes on a limited basis.
- If the Commission were given the necessary powers it could make detailed investigations into airlines' operations, order "offenders" to alter tariffs and schedules, and impose substantial fines.
- One potential obstacle to this proposal is that airlines might argue that they fixed their tariff levels in negotiation with Governments, which bore legal responsibility. While the Commission believes that it could legally open proceedings directly against Governments, it has avoided such head-on confrontations in the past.

BP subsidiary hit by new tax on Alaskan oil

BY DAVID LASCELLES IN NEW YORK

A CONGRESSIONAL committee's surprise vote to slap a new tax on revenues from Alaskan oil gave a sharp knock to the shares of oil companies active on the North Slope yesterday.

Worst hit was Standard Oil of Ohio, British Petroleum's 53 per cent-owned subsidiary, whose shares failed to open on time on Wall Street because of an order imbalance, and later lost \$2 1/2 to trade at \$54.50. SOHO owns just over 53 per cent of Alaskan Oil, which is currently flowing at the rate of 1.2m barrels a day.

The flurry started when the House Ways and Means Committee, which is debating President Jimmy Carter's oil decontrol price proposals, voted to end the tax-exempt status which Alaskan oil has enjoyed since production started two years ago. This status was originally granted because of the enormous costs of developing and transporting oil from the North Slope.

The committee voted to take away 50 per cent of any North Slope profits attributable to world oil price increases mandated by OPEC unlike the rest of U.S. oil which is price-controlled. Alaskan oil sells at world prices. The tax would apply to oil from reservoirs

which began producing before 1979.

The tax would be levied on revenues over and above an established base price of \$7.50 a barrel, minus transportation costs. The base price itself would also be adjusted for inflation and other factors.

This base price was described by committee staff as generous, though the tax itself is expected to raise \$1.2m in 1980-84.

The new tax came as an amendment to a House Bill responding to Mr. Carter's request for a tax on windfall profits oil companies make from his programme to phase out oil price controls over the next 28 months. However, he had specifically asked for an exemption for Alaskan oil because of its high production costs. The fact that the committee chose to ignore this request reflects the strength of public feeling about the oil companies' earnings.

The House Ways and Means Committee was expected to approve the Bill by the end of this week, and pass it to the house floor where it should have an easy passage. The Senate will then have to formulate a Bill of its own, meaning that the entire measure is unlikely to become law before next autumn.

Continued from Page 1

Reaction to Budget

day's high of \$2.1145. The overnight New York close was \$2.10 and the Tuesday level in London \$2.0915.

In contrast, equity prices dropped sharply. The FT 30 share index fell 12.5 to 488.9, a decline of 1.1 just after lunch.

Equities were unsettled by the inflation outlook and by the prospect of a tight squeeze on company profits and liquidity. There were particularly sharp falls in share prices of overseas companies such as gold mines and plantations.

Andrew Taylor writes: Building society chiefs ruled out the possibility of an immediate rise in mortgage interest rates.

Mr. Leonard Williams, newly appointed chairman of the Building Societies Association, said the societies would wait to see how the banks, local authorities and other lending institutions reacted to the 2 per cent rise in MLR.

A decision on future interest rates can be expected at the association meeting on July 13.

Nigg platform men face redundancy

BY KEVIN DONE, ENERGY CORRESPONDENT

NEARLY three-quarters of the 1,600 workers at Highland Fabricators' oil-platform construction yard at Nigg Bay on Cromarty Firth have been threatened with redundancy by early September.

The company has failed to win either of the main contracts in the recent round of ordering for the North Cormorant and Maureen Fields.

In the next few weeks it will complete work on small orders for equipment for Amoco, Chevron and Texaco, and be left with only the main steel jacket for Shell-Esso's Fulmar Field.

This should guarantee some work until spring. Unless more orders are won soon the management says it may make a total of 1,192 men redundant between July 20 and September 1.

Mr. Rab Wilson, convenor of shop stewards at the yard, said last night that redundancies on this scale had never been experienced.

The shop stewards have formed an action committee to seek help from Mr. Hamish Gray, Minister of State for Energy and the local MP, and from the Scottish TUC. They want a programme of work-sharing.

About 40 men employed on short-term contract work lose their jobs this week. Of the main workforce about 290 are due for redundancy by July 20, 400 by August 17 and 502 by September 1.

The yard's main hope for new work later this year lies in the contract to build the steel jacket for BP's Magnus Field, but this is not due to be placed until autumn.

The Government has been anxious to ensure a more steady flow of work to the offshore



supplies industry. The level of work from the North Sea appears inadequate to support employment at all the Scottish yards.

Prospects for steel yards at Nigg Bay, Ardersier, and Methil were further clouded last month when Phillips Petroleum awarded the contract for a steel jacket for the Maureen Field to a new partnership at Hunterston, Ayrshire.

Continued from Page 1

Oil exporters press for rise

Further confusion has been added to OPEC's already chaotic pricing system by Iraq's decision to seek "most favoured seller" status for all its crude sales.

Oil companies lifting crude from Iraq are still unclear as to the exact prices Iraq is demanding during this month. But it is feared that Iraq will insist on receiving the equivalent of the highest surcharge imposed by any other OPEC member.

It is similar quality Gulf crudes are used as the basis for Iraq's new prices, this could add about \$1.50 a barrel to its prices to bring it in line with Iran. But

the increases could be much larger if it tries to follow the price levels set by the African producers, Libya, Algeria and Nigeria.

Talks began in London yesterday on the formal ending of the consortium links between the National Iranian Oil Company and the consortium of Western companies which, before the revolution, was responsible for producing most of Iran's crude oil.

The EEC-led consortium's main role as the lifeline of most of Iran's crude has already been terminated by the regime's decision to negotiate new con-

Weather

UK TODAY

SOME RAIN, bright intervals. Thunder in parts of Scotland and N. Ireland.

London, S.E., E. Anglia
Some rain at first, becoming brighter. Rain later. Max. 18C (64F).

Rest of England, Channel Is., Wales, Isle of Man, E. and S.W. Scotland
Rain followed by bright intervals and showers, some heavy with thunder. Max. 17C (62F).

Rest of Scotland, N. Ireland
Sunny intervals and showers, some heavy with thunder. Max. 13C (55F).

Orkney, Shetland
Rain followed by bright intervals and showers, some heavy with thunder. Max. 8C (46F).

Outlook: Showers or longer outbreaks of rain in most parts, but some sunny intervals. Cool.

WORLDWIDE

	Today	Monday		Today	Monday
Algeria	26	27	Lisbon	21	20
Algiers	31	32	London	22	23
Amman	28	29	Madrid	17	18
Athens	28	29	Moscow	22	23
Bahra	14	15	Nairobi	22	23
Bahrain	14	15	Paris	22	23
Bombay	27	28	Rome	22	23
Buenos Aires	15	16	Sao Paulo	22	23
Calcutta	27	28	Seoul	22	23
Cairo	27	28	Shanghai	22	23
Canton	27	28	Singapore	22	23
Cebu	27	28	Tokyo	22	23
Colon	27	28	Yokohama	22	23
Dacca	27	28			
Dhaka	27	28			
Dubai	27	28			
Harare	27	28			
Hong Kong	27	28			
Indraprastha	27	28			
Jakarta	27	28			
Johannesburg	27	28			
Kuala Lumpur	27	28			
London	22	23			
Lyons	22	23			
Manila	27	28			
Mexico City	27	28			
Mumbai	27	28			
Nairobi	22	23			
Rangoon	27	28			
Riyadh	27	28			
Singapore	22	23			
Sourabaya	27	28			
Taipei	27	28			
Tel Aviv	27	28			
Tokyo	22	23			
Yokohama	22	23			
Zurich	22	23			

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